RECEIVED
7 JAN 1970
CLD
Acquisitions
Section

REPUBLIC OF TURKEY
PRIME MINISTRY
STATE PLANNING ORGANISATION

SECOND FIVE-YEAR
DEVELOPMENT PLAN

1968 - 1972

PUBLISHED BY THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

SPO 752
ANKARA 1969

22 JAN 1970

15460
Cop. 2/

INTERNATIONAL LABOUR OFFICE
CENTRAL LIBRARY AND
DOCUMENTATION BRANCH

FOREWORD

The First Five - Year Plan, drawn up in conformance with the stipulation contained in the 1961 Constitution that made development contingent on a Plan, terminated at the end of 1967.

The Second Five - Year Plan, which draws the main outline of Turkey's overall development for the period 1968 - 1972, was prepared after prolonged effort and adopted by the Grand National Assembly and the Senate following meticulous scrutiny.

The Second Five-Year Plan period is of great and vital significance for Turkey. For it is during this period that the economy will undergo a structural change and its dependence on foreign resources will gradually diminish.

Special care has been taken to ensure that the Second Plan is consistent with the actual circumstances prevailing in the country and with the will and requirements of the Turkish nation. For it is our belief that any plan which does not take into consideration the actual circumstances prevailing in a country, as well as the will and aspirations of the people, is deprived of vitality.

The aim of all development efforts is to make people happy. This is a fine and lofty aim, and one which is not easy to achieve.

At the root of our political philosophy lies the purpose of creating a developed and prosperous Turkey. The basic objective underlying the Development Plan is to make the Turkish citizen prosperous, happy and contented. In order to achieve this, one should, above all, have confidence. And we are entirely confident that we shall achieve the goal of a developed and prosperous Turkey without being daunted by any difficulty and without wavering before any obstacle.

The calculations made in the course of the preparation of the Second Five - Year Plan have confirmed this confidence.

We believe that our nation and our country possess the potential for a steady, rapid and balanced development by making maximum use of the Turkish citizen's creative power and by mobilising all the resources of the State, within the system of a mixed economy.

In this way, it will be possible to create jobs for a greater number of citizens, to increase their income and purchasing power and to help the whole nation attain a higher standard of living through the various measures designed to realise social justice.

The direction in which the resources of the nation are to be guided during the next five years are prescribed in this Plan.

The Second Five - Year Plan, which comprises all our economic, social and cultural problems, has given careful consideration to the obligations of the modern Turkish State as established by our Constitution and by our legislation. As a requirement of the free and democratic system, the Second Five - Year Plan is of an imperative nature in the case of the public sector and of an indicative nature in the case of the private sector. It can hardly be claimed that all Turkey's problems will be solved with the Second Five - Year Plan. Yet, if the work is carried out in an atmosphere of peace and tranquillity, it will be possible to achieve commendable success within a period of time that cannot be considered long in the life of a nation. For we are firmly convinced that a free and democratic system is the most favourable environment for development. It is not necessary to forego liberty for the sake of development.

During the Second Five - Year Plan period Turkey's national income will increase by 7 per cent each year and per capita income will rise to TL 3,200 from TL 2,600.

If we consider the fact that the achievement of a higher level of prosperity in the future renders the necessary investments imperative, it becomes apparent that the cause of the inability to ensure a greater increase in per capita income is due to the high birth rate of 2.6 per cent each year.

The Second Five - Year Plan constitutes an important step forward leading Turkey away from a primitive economic structure in which raw materials are sold and manufactured products are bought, to one which is industrialised and where manufactured products are both produced and sold.

Thus, the share of Turkish industry in GNP will rise to 30.7 from the present 25.5 per cent.

This will be possible by decreasing the ratio of the population engaged in agriculture.

Consequently, concurrently with the efforts toward industrialisation, the Second Five-Year Plan makes provision for securing a higher income by taking advantage of all the benefits of modern technology in agriculture.

Furthermore, during this period substantial sums will be invested in the power and communications sectors, which constitute an integral part of industrialisation.

In this way, it will be possible to provide new jobs for 1.5 million citizens outside of agriculture, and for a total of 2.3 million citizens in all the sectors.

The fields of mining and tourism constitute valuable sources of income for Turkey's development.

By the end of the Second Five - Year Plan period, all children of primary school age will have the opportunity to attend primary school. Many new educational institutions will be opened and health services will be made available to the public on a wider scale.

During this period we shall benefit from all the possibilities afforded by modern technology and from the knowledge and experience of other countries. In short, from everything conducive to Turkey's development within the shortest time possible. By using our resources judiciously we shall strive to attain the objectives we have set for ourselves.

The high merits and virtues of our great nation, its will to work, its love for law and order, its sense of justice, its enterprising spirit and moral courage are the most valuable resources for development.

The determination of our nation to attain the level of contemporary civilisation within a democratic system marked by freedom and justice, further strengthens its intrinsic capabilities.

The Turkish Republic will celebrate its 50 th anniversary at the end of the Second Five-Year Plan period. So it is our duty to mark that anniversary with a brilliant achievement. This is possible. Consequently, the Second Five-Year Plan has to be successful. And we may be confident of success if we work in union and solidarity as a nation.

Great responsibilities devolve on every Turkish citizen in this respect, regardless of whether or not he has assumed duty in the administration of the State.

The ability to set about the task judiciously, backed by knowledge and discipline, is the basic requirement of development.

I am confident that each of us will do the duty incumbent upon him so that the Second Five-Year Development Plan may be crowned with success.

May the Second Five-Year Plan be beneficial and auspicious for our country and for our nation and may the Almighty bless this nation with prosperity and happiness.

Süleyman Demirel

TABLE OF CONTENTS

Page

SECTION I ....

GENERAL OBJECTIVES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN 3

SECTION II ....

DEVELOPMENT OF THE TURKISH ECONOMY AND STRUCTURAL DIFFICULTIES RESTRICTING DEVELOPMENT 9

General Growth of the Economy 9

Prices 37

Developments in Money and Credit 38

THE STRUCTURAL IMPEDIMENTS RESTRICTING THE DEVELOPMEN OF TURKISH ECONOMY AT THE BEGINNING OF THE SECOND-FIVE YEAR PLAN PERIOD 46

Promotion of Savings 46

Foreign Trade As A Restricting Factor In The Development of the Turkish Economy 47

The Institutional Impediments Restricting Development 48

SECTION III ....

THE TURKISH POPULATION AND CHARACTERISTICS OF SOCIAL STRUCTURE 53

Population 53

Characteristics of the Social Structure 62

SECTION IV ....

ECONOMIC OBJECTIVES AND GENERAL ECONOMIC EQUILIBRIUM OF THE SECOND-FIVE YEAR DEVELOPMENT PLAN 73

Methodology 73

General Development Targets 74

Developments in GNP and Structural Changes 75

General Equilibrium of the Economy 76

Investment - Savings Equilibrium 80

Equilibrium and Financing of the Public Sector 82

Financing of the Private Sector 93

Balance of Payments and Foreign Economic Relations 98

SECTION V ....

DEVELOPMENTS TO BE ATTAIN BY THE TURKISH ECONOMY DURING THE PERIOD 1968 - 1972 109

Page

Basic Policies of the Second-Five Year Development Plan 109
Mixed Economy Policy 109
Savings Policy and Capital Market 112
Tax Policy 116
Price Policy 120
Monetary Policy 122
Credit 125
Policy of Encouraging Private Enterprise 128
Balance of Payments and Foreign Economic Relations 131

SECTION VI ....

THE HUMAN FACTOR IN ECONOMIC DEVELOPMENT 141
Employment 141
Labour Problems 150
Manpower 161
Education 175
ON-The-Job Training 201
Cultural Activities 208
Sports 213
Science and Research 218
International Technical and Scientific Co-operation 223

SECTION VII ....

DEVELOPMENT AND SOCIAL WELFARE OF THE SOCIETY UNDER SOCIAL SECURITY 229
Social Security 229
Public Health 236
Family Planning 249
Social Welfare Services 253
THE PROBLEMS OF VILLAGES AND PEASANTS 260
PROGRAMMES FOR THE DEVELOPMENTS OF INITIATIVE IN SMALL SOCIAL UNITS 277
PROBLEMS OF YOUTH 282

SECTION VIII ....

HOUSING AND RESETTLEMENT 291
The Problems of Regional Development, Urbanisation and Settlement 291
Regional Planning 299
HOUSING 301

Page

SECTION IX

GENERAL ASPECTS OF SECTORAL DEVELOPMENT 319
Agriculture 332
General Features of Agriculture 332
Development of Soil and Water Resources 341
Crop Situation 346
Animal Husbandry 361
Sea and Inland Water Products 370
Forestry 375
MINING 384
Mining Sector 384
Coal Mining 391
Iron Ore Mining 391
Non-Ferrous Metallic Ore Mining 392
Crude Petroleum 393
MANUFACTURING INDUSTRY 399
Tobacco Products Industry 413
Beverage Industry 417
Food Industry 425
Textile and Clothing Industry 433
Forestry Products Industry 439
Paper Industry 446
Printing Industry 451
Production of Leather and Leather Goods 456
Rubber Industry 461
Plastic Processing Industry 466
Chemical Industry 470
Petroleum Products Industry 483
Ceramics Industry 491
Glass and Glass Products Industry 496
Cement Industry 501
Baked Clay and Cement Products Industry 505
Iron and Steel Industry 509
Non - Ferrous Metal Industry 518
Metal Products Industry 526
Machinery Manufacturing Industry 532
Agricultural Equipment and Machinery Manufacturing Industry 540
Electrical Machinery, Appliances and Equipment Manufacturing Industry 546
Electronics Industry 551
Highway Vehicles Manufacturing Industry 558
Manufacture of Railway Transport Equipment 564
Shipbuilding Industry 574

Page

Aircraft Production and Repair Industry 580
Small - Scale Industry and Handicrafts 586

SECTION X ....

CONSTRUCTION 595
GENERAL ENERGY SECTOR 598
Coke and Gas 601
Electrical Power Sector 603
TRANSPORTATION AND COMMUNICATION 606
Transportation 606
Communication System 626
Radio and Television 634
TOURISM SECTOR 637
OTHER SERVICE SECTORS 647
Financial Institutions 647
Public Services 651
Supply of Drinking Water 652
Administrative Buildings and General Administration 653
Municipal Services 655
City Planning 656
Mapping and Cadastre-Register 657

SECTION XI ....

IMPLEMENTATION SYSTEM OF THE SECOND-FIVE YEAR DEVELOPMENT PLAN 661
Second-Five Year Plan-Annual Implementation Programmes 661
Implementation of Annual Programmes 662
Method of Implementation of the Programmes 663
Projects 663
Economic and Financial Measures 664
Foreign Trade 664
Development Fund 665
Financing and Financial Situation 665
Statistics 666
National Income and National Accounting 666
Investment Calculation 666
Production Indices 666
Price Indices 667
Statistics on Stocks and Capacity 667
WORK ON REORGANISATION 668
STRATEGY AND OBJECTIVES 673
LAW No. 993 CONCERNING THE IMPLEMENTATION FUNDAMENTALS OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN 691

RECEIVED
7 JAN 1970
CLD
Acquisitions
Section

SECTION I

GENERAL OBJECTIVES OF THE SECOND FIVE - YEAR DEVELOPMENT PLAN

The Second Five - Year Development Plan, based on the principles of justice and full employment, aims at raising the standard of living of the Turkish people to a level compatible with human dignity, in a free and civilized environment and within a democratic and mixed economy system. The objectives of the Second Five-Year Plan will be, on the one hand, to achieve a rapid and sustained increase in per capita income, while on the other, to achieve a balanced development between various regions and income brackets, to secure possibilites of employment for a greater number of people, to share the benefits and burdens of the development with equity and within the principles of social justice, and to attain an efficient and stable improvement in the social and economic structure.

1. The basic development objective of the Second Five - Year Plan is to increase GNP by 40.3 per cent during the period 1967 - 1972. The Second Five - Year Plan, however, does not only aim at accelerating the rate of growth during the period 1967 - 1972, but also at achieving a production capacity capable of sustaining the economic and social structure of Turkey and a fast rate of economic growth beyond the year 1972. For this purpose, the rapid elimination of structural difficulties facing the Turkish economy and the most effective utilisation of available resources are considered imperative. During the Second Five - Year Plan period, the realisation of a sustained high rate of growth in the Turkish economy will depend upon the degree of decisiveness and success in attaining the selected targets.

2. The Second Plan aims at achieving a 7 per cent rate of growth per annum in the economy, and also establishes as a target the realisation of radical changes to ensure and maintain this growth rate. The modernisation of economic activities as a whole, depends upon the use of modern technology and know - how in agriculture instead of traditional methods, on the one hand, and upon achievement of a rapid increase in the relative share of the industrial sector in GNP, on the other. For this purpose, the output of the industrial sector, which will become the leading sector of the economy during the Second Plan period, will mark an increase of 12 per cent, and its relative share in GNP will increase from 16.3 per cent in 1967 to 20.5 per cent in 1972. To achieve this increase, it is considered imperative to expand the general employment opportunities; to transfer surplus man-power from the agricultural sector into non-agricultural activities; to utilise trained manpower more effectively; to gradually reduce the dependence of the Turkish economy on foreign

resources; to alleviate the problems in the balance of payments; and above all, to accelerate the rate of industrial activity in order to attain rapid development, and to promote urbanisation parallel with the efforts towards industrialisation.

3. While the Plan aims at changing the general structure of the economy from an agricultural character to one where the industrial sector is predominant, it also aims at reducing the dependence of agricultural output on weather conditions. A decline in the share of agriculture in national income, on the one hand, and reduction in the dependence of agricultural output on weather conditions, on the other, will ensure control over the growth rate and permit the establishment of a standard of living consistent with the choices and aspirations of the nation.

During the Second Five - Year Plan period, efforts toward reducing the dependence of agricultural output on weather conditions are considered imperative in order to avoid fluctuations in the standard of living of the agricultural population through ensuring a more stable rate of growth. It will also enable the preparation of more dependable plans based on more reliable estimates.

4.. Raising the standard of living and the welfare of the community has been set as a target in the Second Five - Year Development Plan. However, a contradiction exists in general between the target of accelerating the rate of growth of the economy as fast as possible, and the target of raising the physical welfare of the present generations as measured in terms of consumption levels. In other words, the future economic strength and welfare of the Turkish community depend upon the extent of the restriction the present generations can impose upon their consumption, and the size of the increase in total savings and investment they can achieve. The rate of growth envisaged in the Second Five - Year Plan clearly defines the choice made by the Turkish nation between these two targets. In order to achieve, in the long run, a rapid improvement in the standard of living the Plan aims at increasing domestic savings by 77.6 per cent during the period 1967 - 1972, while stipulating a rise of only 28.0 per cent in five years, or 5.1 per cent per annum, in private consumption expenditure. During the same period, however, the population is estimated to increase by approximately 2.6 per cent per annum. Consequently, the consumption, or the standard of living of the present generations will increase by only 2.5 per cent, against an increase of 4.4 per cent in per capita GNP. Per capita GNP will thus rise from TL 2,580 to TL 3,200 and per capita private consumption from TL 1,755 to TL 1,980. Nevertheless, as a result of the policies to be followed to ensure a more equitable distribution of rising income, and to achieve a balanced development between the various regions, the standard of living of the low income groups of the community will rise at an above average rate.

When, however, the great difference between the rate of growth in savings and in consumption is taken into consideration, the main objective of the Second Five - Year Plan has to be defined more clearly as follows: "The Second Plan aims at strengthening the structure of the Turkish economy to a level capable of sustaining a high rate of growth through efforts consistent with the principles of social justice and of equality in opportunity and, consequently, it aims at raising the standard of living of future generations rather than raising the physical welfare or consumption level of the community during the period 1967 - 1972."

5. The long-term objective of the Turkish nation, is to provide the economy with a structure permitting it to sustain the stipulated growth rate through its own resources, without recourse to foreign aid. Although foreign resources in the nature of development credits will have to be transferred from abroad to Turkey, as a consequence of the efforts to realise the above stated objective the Second Five-Year Plan aims at keeping such transfers of foreign resources at the lowest level possible, and calls for a fall in the relative share of these resources in GNP from 2.0 per cent in 1967 to 1.7 per cent in 1972. The period 1968 - 1972 will, therefore, constitute the most critical years for the Turkish nation in its efforts to attain economic self - sufficiency.

SECTION II

DEVELOPMENT OF THE TURKISH ECONOMY AND STRUCTURAL DIFFICULTIES RESTRICTING DEVELOPMENT

1. GENERAL GROWTH OF THE ECONOMY

a. DEVELOPMENTS IN GROSS NATIONAL PRODUCT

In recent years the Turkish economy has recorded a somewhat rapid development. This was mainly caused by a substantial increase in investment. During the period 1962 through 1966 GNP rose from TL 61.9 billion in 1962 to TL 79.5 billion in 1966, by growing at an average rate of 6.5 per cent per annum. An increase of 28.5 per cent has thus been recorded in the course of four years. Developments in GNP are compared in Table 1 with the planned targets for the period 1962 - 1966.

TABLE 1 — GNP During the Period 1962 - 1966 **(Million TL)**

(At 1965 Prices)

Year	Plan Targets (1)	Annual Increase (%) (2)	Realisation at 1965 Prices (3)	Annual Increase (%) (4)	Index 1962 = 100 (5)
1962	62 497	—	61 882	—	100.0
1963	66 871	7.0	66 648	7.7	107.7
1964	71 553	7.0	69 910	4.9	113.0
1965	76 562	7.0	73 127	4.6	118.2
1966	81 921	7.0	79 536	8.8	128.5

As can be observed from Table 1, the average rate of growth of GNP remained under the planned target by increasing at a rate of 6.5 per cent, and it fluctuated between 4.6 per cent and 8.8 per cent during the period 1962 - 1966.

As will be understood from the explanation given below on annual developments, the failure to attain the planned targets in agricultural output as well as in the output of other sectors, particularly the industrial sector, during the period 1962 - 1966, has been influential in keeping the rate of growth of GNP below the planned target of 7 per cent. This failure may largely be attributed to the delays which occurred in investments despite substantial increases, since 1963. These delays had an unfavourable effect on output. During the last years of the First Plan, however, this situation was corrected and a substantial increase took place in the output capacity of the economy at the beginning of the Second Five-Year Plan period.

The instability in the general rate of growth was mainly due to fluctuations in agricultural output. As shown in Table 2, non-agricultural sectors attained a steady and rapid development, while growth in the agricultural sector, which makes the largest contribution to GNP, recorded great fluctuations during the period under study.

Developments in GNP which were explained above in brief, are described below on the basis of annual trends.

During 1963, the rate of growth in GNP exceeded the Plan target. This was mainly caused by the high rate of increase in agricultural output which rose by 7.6 per cent instead of the Plan target of 4.2 per cent, due to favourable weather conditions. Despite this favourable development in the agricultural sector the rate of growth in other sectors, particularly in the industrial sector, was realised considerably below the Plan targets. This decline in the rate of growth of the industrial sector may, in addition to the reasons stated above, be attributed to the fall in the level of demand which came about as a result of measures taken to restrict economic activity in order to reduce inflationary pressures existing in the economy. This situation caused a decline in the sale of certain goods, and consequently precluded the full utilisation of the existing production capacity.

As shown in Table 1, the rate of growth of GNP fell considerably below the Plan target during 1964 and 1965, and was realised at the level of 4.9 per cent and 4.6 per cent, respectively. This fall was mainly due to the agricultural output which showed no increase in 1964, and a decline of 3.3 per cent in 1965. Another characteristic of 1964 is that a noticeable decline took place that year in private sector investments. This stagnation observed in 1964 came to an end in 1965 through measures taken to accelerate economic activity.

The economic activity which began in 1965 reached its highest level in 1966 and turned into a substantial economic development. The rate of growth in the agricultural sector rose to 8.6 per cent due to favourable weather conditions, while the rate of growth of GNP reached 8.8 per cent, thus exceeding the rates foreseen in the Plan. In 1966, although the rate of growth exceeded the Plan target, GNP could not reach the absolute figure indicated in the Plan due to the shortfalls in the preceding years. Despite this fact, the level attained by GNP in 1966 was only TL 2.4 billion or 2.9 per cent below the level established as a target in the Plan.

The importance of the developments achieved during the First Five Year Plan period as to the various sectors and the overall structure of the economy is explained briefly below.

Sectors producing consumer goods are presently predominant in the Turkish economy. In 1963, out of the total output of the economy, 76 per cent was composed of consumer goods, 13 per cent of raw materials, and the remaining 11 per cent of investment goods. The high rate of consumption of consumer goods may be attributed to two basic factors. The first factor is that the per capital income is still very low, much below the point of satiety. Indeed, the income elasticity in foodstuffs and clothing is very high compared to developed countries. The second factor is the high rate of increase in population.

In the course of recent years, however, significant developments took place in favour of intermediary products and investment goods. During the period 1963 - 1967, the share of consumer goods in the total manufacturing industry is expected to fall from 65.4 per cent to 60.6 per cent in 1967, against an increase from 25.5 per cent to 28.5 per cent in the share of intermediary products, and from 9.1 per cent to 10.9 per cent in the share of investment goods. This development in the intermediary products industry will be achieved as a result of the high rate of growth in the production of iron and steel, cement, petroleum products, and of the chemical industry.

The higher rate of growth in industries producing raw materials and investment goods, as compared to the other sectors of the economy, underscores the favourable development achieved by the Turkish economy toward industrialisation. In other words, an increase in the rate of utilisation of industrial raw materials indicates a closer inter-relationship between the various sectors of the economy, and consequently a rapid increase in the rate of production of raw materials which are needed for rapid industrialisation.

During the period 1962 - 1966, a structural change took place in the productive sectors of the economy, although not to the extent envisaged in the Plan. Dependence of the economy on agriculture has been lessened as a result of the lower rate of increase in the value added of the agricultural sector, compared to the rate of increase in net domestic income. In the period 1962 - 1966, agricultural income rose by only 13.1 per cent while net domestic income rose by 26.5 per cent. Consequently, the share of agricultural income in total domestic income fell from 41.1 per cent in 1962 to 36.8 per cent in 1966.

During the same period, although considerably below the Plan targets, the highest rate of growth was recorded by the industrial sector. As a matter of fact, the value added in this sector recorded an increase of 40.3 per cent during the years 1962 - 1966, and its share in the net domestic income rose from 16.7 per cent to 18.6 per cent.

The services sector grew faster than the net domestic income, and the rate of growth in its value added reached 34.0 per cent in four years.

Distribution of the national income by sectors of origin, and the shares of sectoral income at factor cost in domestic income, are indicated in Tables 2 and 3.

TABLE 2 — Distribution of the National Income by Sectors of Origin

(At 1965 Prices) (Million TL)

SECTORS	1962	1963	Rate of Incr. (%)	1964	Rate of Incr. (%)	1965	Rate of Incr. (%)	1966	Rate of Incr. (%)	1962 - 1966 Index	Average Annual Rate of Incr.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Agriculture	22 121.7	23 813.7	7.6	23 813.7	—	23 053.0	— 3.3	25 035.5	8.6	113.2	3.3
Industry	8 993.5	9 716.3	8.0	10 551.9	8.6	11 491.0	8.9	12 628.6	9.9	140.4	8.9
Construction	3 052.6	3 240.0	6.1	3 505.7	8.2	33 716.0	6.0	4 050.4	9.0	132.7	7.3
Trade	4 918.7	5 280.0	7.3	5 739.4	8.7	6 129.7	6.8	6 595.5	7.6	134.1	7.6
Transportation	3 491.3	3 786.3	8.4	4 024.8	6.8	4 306.5	7.0	4 668.2	8.4	133.7	7.5
Financial Institutions and Professions	3 940.6	4 218.7	7.0	4 522.5	7.2	4 852.6	7.3	5 226.2	7.7	132.6	7.3
Housing	1 835.8	1 960.6	6.8	2 107.7	7.5	2 295.3	8.9	2 490.4	8.5	135.7	8.0
Government Services	5 351.3	5 783.2	8.0	6 193.8	7.1	6 769.8	9.3	7 257.2	7.2	135.6	7.9
Domestic Income	53 705.5	57 798.8	7.6	60 459.5	4.6	62 613.9	3.6	67 952.0	8.5	126.5	6.1
Income From Abroad	— 272.2	— 191.9	29.5	— 208.4	— 8.6	+ 214.2	102.8	484.9	126.4	278.1	29.2
Net National Product (At Factor Cost)	53 433.3	57 606.9	7.8	60 251.1	4.6	62 828.1	4.3	68 436.9	8.9	128.1	6.4
Indirect Taxes	5 722.1	6 165.9	7.7	6 579.0	6.7	7 000.1	6.4	7 560.1	8.0	132.1	7.2
Net National Product (At Factor Cost)	59 155.4	63 772.8	7.8	66 830.1	4.8	69 828.2	4.5	75 997.0	8.8	128.5	6.5
Depreciation	2 727.4	2 876.0	5.4	3 080.2	7.1	3 298.9	7.1	3 539.7	7.3	129.8	6.8
Gross. National Product	61 882.8	66 648.8	7.7	69 910.3	4.9	73 127.1	4.6	79 536.7	8.8	128.5	6.5

TABLE 3 — Shares of Sectoral Income (At Factor Cost) in Domestic Income (%)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)	1966 (5)
Agriculture	41.2	41.2	39.4	36.8	36.8
Industry	16.7	16.8	17.5	18.4	18.6
Construction	5.7	5.6	5.8	5.9	6.0
Trade	9.2	9.1	9.5	9.8	9.7
Transportation	6.5	6.6	6.7	6.9	6.9
Financial Institutions and Professions	7.3	7.3	7.5	7.7	7.7
Housing	3.4	3.4	3.5	3.7	3.7
Government Services	10.0	10.0	10.1	10.8	10.6
Domestic Income	100.0	100.0	100.0	100.0	100.0

In conclusion, it may be said that although the structure of the economy retained its agricultural characteristic during the first four years of the First Five Year Plan period, increases took place in the relative share of the industrial and services sectors. During the period 1962 - 1966, a structural change in the direction foreseen in the Plan was realised, although at a lower rate. Economic development in every phase was influenced by agricultural output due to the current weight of the agricultural sector in the economy. A change in the structure of economic development can only be realised by decreasing the relative importance of the agricultural sector in the economy of Turkey, and by increasing the share of the non-agricultural sectors, particularly that of the industrial sector, within a well balanced development period. As a long-term target, the economy is faced with the necessity of realising a rapid industrialisation and of increasing the general level of agricultural production through a higher rate of productivity by the use of modern methods in the agricultural sector.

b. INVESTMENTS

In Turkey, national income is calculated on the basis of income and not of expenditure. Hence, tracing the development trend of investments, particularly those made by the private sector, has proved to be difficult.

According to estimates made on the basis of various questionnaires, total investment at 1965 prices rose from TL 8.2 billion in 1962 to TL 14.3 billion in 1966, an increase of 75 per cent. Investments fell short of the Plan targets by TL 4.2 billion, at constant prices. As it will be explained below in detail, the shortfall in investment took place in public sector investments.

The Plan targets and the realisation of investments are shown in Table 4 below.

TABLE 4 — Investments, Plan Targets and Realisation

(Billion TL)
(At 1965 Prices)

Years	Plan Target (1)	Realisation (2)	Rate of Realisation (%) (3)	Index 1962 = 100 (4)
1963	10.9	10.8	99.1	131.7
1964	12.4	10.8	87.1	131.7
1965	13.8	12.0	87.0	146.3
1966 (Preliminary)	15.0	14.3	95.3	174.4
TOTAL (1963 - 1966)	**52.1**	**47.9**	**91.9**	—

During the period 1963 through 1966, total investments amounted to TL 47.9 billion, at 1965 prices. An increase of TL 17.7 billion was realised in national income during the same period. Hence, the capital-output ratio during the same period has been calculated to be 2.7 per cent. However, since an average rate of growth of 6.5 per cent was realised during the period 1962 through 1966, the actual capital-output coefficient must have been higher than that foreseen in the Plan.

The distribution of investments between the public and private sectors as compared with the Plan targets for the period 1963 through 1966 is indicated in Table 5.

TABLE 5 — Breakdown of Investments Between Public and Private Sectors During 1963 - 1966

(Billion TL)
(At 1965 Prices)

	Private Sector		Public Sector		Relative Share of Private Sector Investments (%)	
	Plan Target	Realisation	Plan Target	Realisation	Plan Target	Realisation
	(1)	(2)	(3)	(4)	(5)	(6)
1963	4.3	5.3	6.6	5.5	39.4	49.1
1964	4.8	5.0	7.6	5.8	38.7	46.3
1965	5.4	5.5	8.4	6.5	39.1	45.8
1966 (Provisional)	6.0	6.4	8.9	7.9	40.0	42.9

The table above indicates that in the course of the period under study, private sector investments exceeded the Plan targets, while public sector investments remained below these targets. Despite the incentive measures taken in the fields of foreign trade, credit and taxation, private sector investments could not be shifted to the manufacturing sector at a rate needed for rapid industrialisation, but instead housing construction activities continued to lead investments during the period 1963 - 1966.

The relative share of housing investments in the total private sector investments which stood at 43.2 per cent in 1963, rose to 46.0 per cent in 1965, while the relative share of investments made in the manufacturing industry fell from 36.4 per cent to 23.9 per cent during the same period. The high rate of private sector investments in 1963 was caused by the investments made in the Ereğli Iron and Steel Mills during that year. A large part of the measures stipulated in the Plan for development of the private sector, on the other hand, could not be realised or could not be implemented effectively. Despite these failures, private sector investments exceeded the Plan targets by 8.3 per cent during the first four years of the Plan period. Although the rate of realisation of public sector investments remained below the Plan targets, the relative share of these investments in both total and industrial investments recorded significant increases during the period 1963 through 1965.

The principal factors causing a fall in public sector investments under the Plan targets, may be summarised as follows :

1. Internal financing difficulties due to the failure to reach the Plan targets in public revenues and the failure to keep public current expenditures within the limits stipulated in the Plan.

2. Failure to prepare adequate projects in sufficient number during the initial years of the planned period.

3. Lack of investment capacity and experience in departments and organisations making investments.

TABLE 6 — Sectoral Breakdown of Total Investments, 1963 - 1966

(Million TL)
(At 1965 Prices)

	Plan Target (1)	Distribution (%) (2)	Programme (3)	Distribution (%) (4)	Realisation (5)	Distribution (%) (6)
1. Agriculture	8 781	16.9	8 381	16.1	7 455	15.5
2. Mining (1)	3 193	6.1	3 128	6.0	2 700	5.6
3. Manufacturing	9 730	18.7	9 901	19.1	8 775	18.3
4. Energy	4 390	8.4	4 248	8.2	3 335	7.0
5. Transportation	6 832	13.2	7 404	14.3	7 007	14.6
6. Housing	10 608	20.4	10 029	19.3	10 103	21.1
7. Education	3 507	6.7	3 510	6.8	3 168	6.6
8. Health	1 173	2.3	1 060	2.0	860	1.8
9. Tourism	725	1.4	1 068	2.1	889	1.9
10. Services	3 051	5.9	3 164	6.1	3 644	7.6
TOTAL	**51 990**	**100.0**	**51 893**	**100.0**	**47 936**	**100.0**

(1) The investments of the Petroleum Processing Industry are included among the investments of the Mining Industry.

In the Second Plan, the investments of the Petroleum Processing Industry are included among the investments of the Manufacturing Sector.

4. Failure to make changes in legislation causing difficulties and hindering investments.

5. Difficulties encountered in securing the external financing requirement of investments within the time period and with the ease expected at the inception of the Plan. This foreign financing problem emerged, in particular, because of delays in the pledging and utilisation of project loans and the utilisation of programme assistance.

6. Failure to establish an effective system for controlling the implementation of the Plan.

Plan and Programme targets and investments realised according to the various sectors of the economy, are indicated in Table 6 for the period 1963 - 1966. As can be observed from this table, sectors failing to reach the Plan and Programme targets are those in which the public sector has the greatest share, with the exception of the services sector.

c. GENERAL EQUILIBRIUM OF THE ECONOMY

Resources created and utilised during the First Five-Year Plan period, and the size and importance of these resources, are indicated in Table 7.

The "Resources" section of the table includes the GNP realised, or to be realised, and the current transactions deficit representing the goods and services added to the economy from abroad during the period under study.

Although a rather high rate of increase in GNP was achieved in the period 1962 - 1966, changes and developments in domestic resources were not realised at the level and importance envisaged in the Plan. Although in 1962, the base year for the Plan, the rate of growth remained below the Plan target, in 1963 this gap was closed as a result of the rapid development attained. In that year, the Plan target was exceeded by TL 700 million and GNP rose to TL 66.7 billion instead of the TL 66.0 billion estimated in the Plan.

The foreign deficit, which was envisaged in the Plan to amount to TL 2.30 billion, was realised at TL 2.70 billion. Hence, total resources slightly exceeded the level stipulated in the Plan.

In 1964 and 1965, realisation of both GNP and the foreign deficit failed to reach Plan targets. During 1964, the foreign deficit was realised at TL 0.95 billion instead of TL 2.50 billion, and total resources reached TL 70.86 billion. In 1965 the foreign deficit realised was TL 0.69 billion instead of the stipulated TL 2.20 billion, and total resources amounted to TL 73.82 billion. Thus, realisation in 1964 and 1965 fell short of the Plan targets by 3.1 per cent and 5.0 per cent, respectively.

TABLE 7 — Resources and Expenditures

(Million TL) (At 1965 Prices)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)	1966 (1) (5)	4 Year Increase (6)	Average Annual Rate of Increase (7)
RESOURCES							
GNP	61 882.8	66 648.8	69 910.3	73 127.1	79 536.7	28.53	6.5
Foreign Deficit	2 178.0	2 709.0	954.0	693.0	1 476.0		
Total Resources	64 060.8	69 357.8	70 864.3	73 820.1	81 012.7	26.46	6.0
USE OF RESOURCES							
Total Investments	8 157.6	10 838.7	10 828.1	11 950.3	14 313.3	75.46	15.0
Private	3 767.4	5 343.4	4 996.1	5 430.0	6 382.9	69.42	14.0
Public	4 390.2	5 495.3	5 832.0	6 520.3	7 930.4	80.64	16.0
Public Current Expenditures	8 643.9	9 890.5	11 542.8	11 565.0	12 357.8	42.97	9.4
Other Expenditures	47 259.3	48 628.6	48 583.4	50 304.8	54 341.6	14.99	3.9
Total Expenditures	64 060.8	69 357.8	70 864.3	73 820.1	81 012.7	26.46	6.0
			Per cent of GNP				
Foreign Deficit	3.5	4.1	1.4	0.9	1.9		
Total Resources	103.5	104.1	101.4	100.9	101.9		
Total Investments	13.2	16.3	15.5	16.3	18.0		
Private	6.1	8.0	7.2	7.4	8.0		
Public	7.1	8.3	8.3	8.9	10.0		
Public Current Expenditures	13.9	14.8	16.4	15.8	15.5		
Other Expenditures	76.4	73.0	69.5	68.8	68.3		

(1) Provisional

In 1966, a substantial increase was recorded in total resources due to the high rate of growth in GNP. This increase, however, remained below the Plan target due to both the shortfalls which occured prior to 1966 and the fact that foreign savings did not reach the expected level. In 1966, foreign savings which had been expected to amount to TL 2.20 billion were realised at a level of TL 1.48 billion, and total resources fell short of the Plan target by 1.5 per cent.

Although the total foreign savings were estimated to amount to TL 9.20 billion during the first four years of the Plan period, the actual realisation amounted to only TL 5.82 billion. The total foreign savings inflow secured thus stood at a level 36.7 per cent below the Plan target.

This was due to the fact that while foreign aid and loans could not be obtained at the desired level and imports were not realised at the level envisaged in the Plan, exports and invisible receipts recorded a favourable development beyond expectations.

Utilisation of total resources, as to the public and private sectors for the period 1962 - 1966, are indicated in Table 7. Although investments made by the private sector are shown in the table, it has not been possible to calculate the full coverage of private consumption. Other expenditures calculated on the basis of value added include the increases in stocks of the private and public sectors, together with private consumption.

Investments realised during the First Plan period are indicated in Tables 4 and 5. The ratio of total investments to total resources recorded substantial increases, though the absolute level achieved was lower than that foreseen in the Plan. Indeed, the share of investments in GNP which was 16.3 per cent in 1963, rose to 18.0 per cent in 1966. On the other hand, the share of foreign savings, allocated to investments in GNP, fell from 4.1 per cent in 1963 to 1.9 per cent in 1966. This development indicates that growth during the First Plan period was achieved through internal efforts which surpassed Plan expectations. As can be seen from these tables, the average rate of growth in investments exceeded the rate of growth attained in total resources and in other expenditures during the four years under study. In connection with this development, it is worthwhile to note that realisations in private sector investments were commensurate with the Plan targets, and even exceeded them. This result was attained due to the higher rate of increase in private savings as compared to consumption. Allocations made to the private sector out of foreign savings also amounted to a considerable level, despite certain fluctuations from one year to another. Although the resources directed toward investments by the public sector marked substantial increases, these resources remained below the Plan targets. This subject is discussed in detail in the preceding section.

Current expenditures of the public sector include the transfer expenditures of this sector, in addition to the payments made for the inflow of goods and services from the economy into the public sector.

In the First Plan, current expenditures and transfer expenditures were not clearly separated from each other. Therefore, it has not been possible to show these expenditures separately in the comparisons. As seen from the table, current expenditures of the public sector exceeded the Plan targets in certain years. Deviation of the current expenditures of this sector from the Plan targets has caused a slowdown in the rate of increase in public savings. Current expenditures of the public sector, however, include expenditures having the character of income and capital transfers, which caused an increase in this percentage. Furthermore, expenditures made for the purchase of goods and services include also the development type of current expenditures which have to be increased rapidly, parallel to overall development.

Details on the current expenditures of the public sector which are not explained here, will be taken up in the section dealing with public finance.

The item "Other Expenditures" indicated in the table, refers to private consumption in the Plan. But, since investments consist of gross fixed investments, the item in question includes also stock increases of the public and private sectors. Therefore, developments which have occurred in the item "Other Expenditures" cover also changes in stocks, and private consumption targets foreseen in the Plan can be compared with the realisation figures only if they are considered as "other expenditures."

GNP and the deficit in current transactions remained below the Plan targets. As a result, the total resources of the economy failed to reach the level stipulated in the Plan, and consequently other expenditures also were realised below the Plan targets. In 1963, other expenditures were realised at a level of TL 48.6 billion, against TL 48.0 billion stipulated in the Plan. Because of the shortfalls in the previous years, however, the average rate of growth of 5.4 per cent per annum, established as a target in the Plan for four years, could not be achieved and was realised at the level of 3.9 per cent. The share of "other expenditures" in GNP also deviated from the Plan targets and was realised at 69.5 per cent against 71.3 per cent in 1964, and at 68.3 per cent against 69.0 per cent in 1966.

Per capita consumption expenditures could not be increased at the desired rate, even if the share of stock in the item "Other Expenditures" is neglected. However, when the development type of current expenditures of the public sector are taken into consideration, it may be said that per capita consumption rose above the figures indicated in the table.

Expenditures, in general, fell below the Plan targets due to the fact that GNP could not be increased at the rate stipulated in the Plan. During the period in question, measures were taken to increase public revenue, while private savings continued to rise, and an average increase of 15 per cent per annum was realised in the volume of fixed investments, whereas other expenditures representing private consumption rose by only 3.9 per cent. Per capita consumption expenditures on the whole could not be raised to the level foreseen in the Plan. Changes in the composition of GNP during the period 1962 - 1966, came about as a result of expenditures reflecting the pattern of consumption demand of the individual and of society.

d. DEVELOPMENTS IN THE FIELD OF PUBLIC FINANCE

The main targets and objectives of the First Five - Year Plan in the field of public finance have been studied under three headings : (1) revenue targets, (2) expenditure targets, and (3) changes and improvements made in the revenue and expenditure organisations toward increasing revenue and expenditure efficiency.

(1) The public revenue targets were not realised either in absolute values or as percentages of GNP during the First Plan period. This failure to attain the established targets began in 1962, which was the base year for the First Plan, and continued throughout the period. Public revenue targets are indicated in Tables 8 and 9. As seen from the tables, the shortfall in 1962 was substantial and the gap could not be closed despite the measures taken during the Plan period. In 1962 the percentage share of total revenues in GNP fell short of the Plan objective by 3.11 per cent, while in 1966 this shortfall was 3.63 per cent.

Thus, total public revenue which was estimated at TL 12 926 million in 1962 current prices, was realised at TL 11 170 million — a shortfall of 13.6 per cent, due to the failure to attain the established targets. In 1966, total revenue was expected to amount to TL 19 404 million, against the target of TL 22 404 million. The shortfall will thus have been reduced to 13.3 per cent. Additional efforts were made in the course of the Plan period to increase tax receipts, and particularly to augment the resources generated by the State Economic Enterprises. Efforts to increase tax revenues were mainly directed to the field of indirect taxes. Revenue generated through indirect taxes was increased by imposing new taxes such as the Tax on Travel Abroad and the Stamp Tax on Imports, and by increasing the scope and the rates of certain current taxes. In the field of direct taxes also, a new tax on Motorised Land Vehicles was imposed and certain measures were taken to increase the Income Tax on agricultural income. Efforts were also made to increase the resources and funds generated by the State Economic Enterprises through measures taken to reorganise these enterprises and to adjust the sales price of their products.

TABLE 8 — Public Sector Revenue Targets

(Billion TL)
(At Current Prices)

Years	Tax Revenue	Other Public Revenue	Savings Bonds	Funds Created By SEE's	Local Administrations	Counterpart Funds and Project Credits	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1962	7 114	763	404	327	1 309	1 253	11 170
1963	8 424	1 333	474	816	1 416	2 023	14 483
1964	9 292	1 402	542	1 033	1 598	1 471	15 338
1965	10 257	1 458	633	1 560	1 752	1 419	17 079
1966	12 441	1 466	757	1 600	1 865	1 295	19 424
Percentages in Total Revenue							
1962	63.69	6.83	3.62	2.93	11.72	11.21	100.00
1963	58.16	9.21	3.26	5.63	9.78	13.96	100.00
1964	60.58	9.14	3.53	6.74	10.42	9.59	100.00
1965	60.06	8.54	3.70	9.13	10.26	8.31	100.00
1966	64.05	7.55	3.90	8.24	9.60	6.66	100.00

Note : Revenues of the Local Administrations and Revolving Funds are provisional.

Source : Ministry of Finance.

TABLE 9 — Revenue Targets of the Public Sector

(As Percentage of GNP)

Years	Tax Revenues	Other Public Revenues	Savings Bonds	Funds Created by SEE's	Local Administrations	Counterpart Funds and Project Credits	Funds From Unspecified Resources	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1962 : Plan Target	14.61	1.76	0.95	1.04	2.55	3.83	—	24.74
1962 : Realisation	13.61	1.47	0.77	0.62	2.51	2.40	—	21.63
1963 : Plan Target	15.95	1.74	0.95	1.19	2.55	2.50	1.48	26.36
1963 : Realisation	13.32	2.10	0.75	1.29	2.24		—	22.90
1964 : Plan Target	16.74	1.74	0.95	1.59	2.55	2.60	0.30	26.45
1964 : Realisation	13.66	2.05	0.80	1.52	2.35	2.16	—	22.54
1965 : Plan Target	16.93	1 67	0.95	1.57	2.55	2.16	0.70	26.53
1965 : Realisation	14.03	2.00	0.86	2.13	2.39	1.94	—	23.35
1966 : Plan Target	17.10	1 64	0.95	1.56	2.55	2.16	1 29	27.25
1966 : Realisation (1)	15.13	1.78	0.92	1.94	2.27	1.58	—	23 62

(1) Provisional

Despite the additional efforts made, total revenue could not reach the Plan targets during the First Plan period. However, the shortfall was not the same in every revenue item. As shown in Table 9, the shortfall was mainly caused by tax revenue. The established targets as percentage shares in GNP, were exceeded in all other public revenues, including the receipts of the State Economic Enterprises. Table 8 indicates that the share of the State Economic Enterprises marked an increase during the period while no significant changes took place in the share of other revenue items. The share of tax revenues recorded a decline and the share of other public revenues and of receipts from savings bonds rose slightly.

Owing to the fact that most of the tax measures were taken in the field of indirect taxes, no increase was recorded in the share of direct taxes in total tax revenue.

As a result of measures taken to increase revenue in compliance with the financing target of the First Five-Year Plan, public revenue rose by an average of 15 per cent per annum, at current prices. However, it did not prove possible to modify the public revenue system to the extent required, to transform it into a flexible mechanism capable of financing the investments foreseen in the Plan for the public sector, and to meet the current and transfer expenditures of this sector.

(2) The expenditure targets foreseen for the First Plan period were not reached both as to quantity and nature. The absolute magnitude of public sector expenditures and the share of these expenditures in GNP are indicated in Table 10.

In the Plan, transfer expenditures are included in current expenditures. Therefore, current expenditures and transfers indicated in the table should be added in order to make a comparison with the Plan targets.

As the general nature of the public sector investments and current expenditures were discussed in the pertinent sections, this section will take up, in particular, the distribution of current expenditures according to various organisations, and the breakdown of these expenditures as to current expenditures for development, other current expenditures and transfer expenditures.

The Plan stipulated that current expenditures in 1963 would correspond to 15.10 per cent of GNP, out of which 1.72 per cent would be spent by local administrations, and that through gradual increases this percentage would rise to 1.81 per cent in 1966. A study of the implementation in the past years indicates that current expenditures of the local administrations were realised at a level corresponding to 1.70 per cent of GNP in 1963, but that contrary to the Plan target, these expenditures failed to increase gradually in the course of subsequent years. This shortfall in the current expenditure of local administrations may be principally attributed to failure in realising the tax reforms envisaged in the Plan.

TABLE 10 — Realisation of Public Sector Expenditure Targets During the First Plan Period

(Million TL)
(At Current Prices)

	1962	1963	1964	1965	1966 (1)
	(1)	(2)	(3)	(4)	(5)
1. PUBLIC SECTOR EXPENDITURES	11 739	14 538	16 815	18 085	20 978
a. Current Expenditures	7 719	9 396	8 228	8 822	9 918
b. Investment Expenditures	4 020	5 142	5 660	6 520	8 200
c. Transfers	—	—	2 927	2 743	2 860
		(As Per Cent of GNP)			
1. PUBLIC SECTOR EXPENDITURES	22.47	22.98	24.71	24.73	25.51
a. Current Expenditures	14.77	14.85	12.09	12.06	12.06
b. Investment Expenditures	7.69	8.13	8.32	8.92	9.97
c. Transfers	—	—	4.30	3.75	3.48
		(Annual Average Increase 1962 - 1966)			
1. PUBLIC SECTOR EXPENDITURES			15.6		
a. Current Expenditures and Transfers			13.4		
b. Investment Expenditures			19.6		

(1) Figures for 1966 are provisional

(2) 1962 - 1963 current expenditures include transfer expenditures.

The Plan targets for the departments and organisations under the General and Annexed Budgets excluding local administrations, corresponded to 14.36 per cent of GNP in 1963 and to 14.13 per cent in 1966. As seen above, although the Plan envisaged an increase in the current expenditure of local administrations parallel to increases in their revenue to ensure a more efficient structure for these administrations, a relative decline as to GNP was foreseen in the current expenditures of departments and organisations under the General and Annexed Budgets. Although these expenditures remained below the Plan targets, they followed an increasing trend in the course of implementation of the Plan, and rose, as to their share in GNP, from 13.22 per cent in 1963 to about 14.0 per cent in 1966.

The targets established in the Plan for current "development" expenditures in the consolidated budget could not be realised during the Plan period. The share of current "development" expenditures in GNP, which was envisaged in the Plan to amount to 4.61 per cent in 1963 and to 5.06 per cent in 1966, was realised below 4 per cent in both years.

Among the other expenditures, the highest rate of increase was recorded by national defence expenditures. If the infrastructure investments of national defence are indicated under current expenditures in compliance with the national accounting principles, the importance of this sector will appear more clearly.

(3) Although the changes and improvements foreseen in the First Plan and Annual Programmes which aim at increasing revenue and expenditure efficiency were partly realised, the implementation results of the period in question may be summarised and characterised by the still unresolved problems and shortfalls indicated below.

(a) The revenue targets established in the Plan were not realised.

(b) Tax revenue, which represents the most important source of revenue, fell considerably short.

The shortfall in tax revenue may be attributed to the fact that : (i) The reform in tax courts could not be realised, (ii) The reform in tax administration could not be realised, (iii) The efficiency of the tax control system could not be improved, (iv) The tax reform envisaged in the Plan for taxing all the fields having a taxable capacity could not be carried out. Due to the inability to realise the tax reforms indicated above, the structure of the tax mechanism could not be improved sufficiently to increase productivity and efficiency in taxation. During the First Plan period, with the exception of 1966, tax revenue remained below the Plan and Programme targets.

Although certain measures, such as imposing new taxes and amending several tax laws in force were taken during the Plan period to increase tax revenue and provide the financing required for the Plan, these measures were inadequate.

(4) Reform in the taxation of local administrations also could not be carried out. The Fiscal Distribution Bill drafted to establish an equilibrium between the local services rendered and the revenue to meet these services, and to ensure a more efficient distribution between Government revenue and the revenue of the local administrations, could not be enacted.

Due to the failure to enact new tax legislation to ensure more productive and effective tax resources for these administrations, the rate of increase in revenue fell short of the established targets.

(5) Although the targets established in terms of percentages in GNP for the rate of increase in resources generated by the State Economic Enterprises were exceeded, such increases were principally realised in the non-productive savings institutions. Work on the reorganisation of the productive State Economic Enterprises, initiated to ensure the efficient operation of these enterprises and to increase public savings, could not be completed. Under these circumstances the public funds and savings thus generated tend to be misleading. The deficits of the productive organisations are covered by the operational surpluses of savings institutions, and are calculated as part of the total public revenue.

During the First Plan period, certain changes and improvements were made in the budget implementation to ensure conformity between expenditures and the economic principles and expenditure targets of the Plan and programmes. The breakdown of expenditures into investment, current and transfer expenditures, in particular, has proved to be a useful step towards this end. The expenditure activities of the Government, however, continued to be governed by very old laws, and it has not been possible to modify the old methods and systems precluding and impeding expenditure activities. In particular, no progress was made in improving productivity in current expenditures and in establishing a system whereby expenditures would be based on services rendered and be reduced to the level actually needed for such services.

The Plan targets which divide current expenditures into the categories of current "development" expenditures and other current expenditures, and the growth targets envisaged for these expenditures were not realised at the levels indicated in the Plan. Although current "development" expenditures were estimated in the Plan to increase by an average of 15.1 per cent per annum, an increase of less than 9 per cent was, in fact, realised during the period 1962 - 1966. In the budget implementation, current expenditures were dealt with under one heading without taking the two above mentioned categories into consideration.

The First Plan was indicative for the local administrations due to the fact that no restrictive measures were stipulated in the Plan for the realisation of current expenditure and investment targets foreseen in the Plan for these administrations. Therefore, investments by the local administrations were made taking into consideration their revenue and obligatory current expenditures.

e. DEVELOPMENTS IN FOREIGN ECONOMIC RELATIONS DURING THE FIRST PLAN PERIOD

During the First Plan period favourable developments were, in general, recorded in foreign economic relations, and in some fields these developments even exceeded the Plan targets.

These developments and changes are described below under the headings of Imports, Exports, Invisible Items and Capital Movements. The balance of payments prepared on the basis of Plan projections and four-year realisations is indicated in Table 11.

(1) Imports

On the basis of the total actual imports in four years, the annually established import targets in the First Five-Year Plan were attained and even exceeded by 0.5 per cent. Under the Plan estimates, imports totalling $ 567.0 million were programmed for 1963, and by gradual increases total imports were to rise to $ 675.0 million in 1966. As can be seen from the table, the annual targets were exceeded in 1963 and 1966. Conversely, imports in 1964 and 1965 were realised below the Plan targets.

The increase well above the Plan target in 1963 was caused by imports made for the Ereğli Iron and Steel Mills, and by substantial increases in the import of surplus agricultural commodities. The total volume of these two items alone amounted to $ 166.5 million in 1963. During 1966, the realisation of imports over and above the Plan targets may be attributed to the fact that the rate of growth in that year exceeded the Plan targets (8.8 per cent against 7 per cent) and that 1965 imports remained below the Plan target. The shortfall in imports during 1964 and 1965 was caused by difficulties faced in foreign payments and by the failure to achieve revenue targets.

TABLE 11 — Balance of Payments (1963 - 1966) (Million $)

	1962	1963	1964	1965	1966 (Provisional)
	(1)	(2)	(3)	(4)	(5)
I. CURRENT ACCOUNT					
A. FOREIGN TRADE					
1. Exports (FOB)	381	368	411	464	490
2. Imports (CIF)	—622	—688	—537	—572	—718
Balance of Trade	—241	—320	—126	—108	—228
B. INVISIBLE ITEMS					
1. Interest Payments on Foreign Debts	— 33	— 31	— 31	— 30	— 33
2. Tourism and Travel (net)	— 10	— 13	— 13	— 11	— 13
3. Workers' Remittances	—	—	9	70	115
4. Profit Transfers	— 2	— 2	— 5	— 15	— 20
5. Service Expenditures on Project Credits	—	—	— 4	— 7	— 6
6. Other Invisibles	4	16	5	4	2
Total Invisibles	— 41	— 30	— 39	11	45
C. INFRASTRUCTURE AND OFFSHORE RECEIPTS	40	49	59	20	19
Balance on Current Account	—242	—301	—106	— 77	—164
II. CAPITAL MOVEMENTS					
1. Foreign Debt Payments	— 97	—114	—110	—161	—149
2. PL - 480 (Surplus)	71	94	32	29	20
3. Private Foreign Capital	36	21	25	22	29
4. Project Credits	26	97	36	57	54
5. Imports with Credits	26	10	10	—	—
6. Imports with Waiver	—	5	7	6	6
7. Programme Credits	152	169	145	169	206
Capital Account Balance	214	282	145	122	166
General Balance	— 28	— 19	39	45	2
III. RESERVE MOVEMENTS	11	47	— 11	— 13	51
IV. SHORT - TERM CAPITAL MOVEMENTS	—	— 35	21	— 35	— 25
V. NET ERRORS AND OMISSIONS	17	7	— 49	3	28

SOURCE : Ministry of Finance.

The composition of imports by major groups of commodities during the First Plan period is indicated in Table 12.

TABLE 12 — Composition of Imports

(Million $)

Years	Investment Goods (1)	Raw Materials (2)	Consumer Goods (3)	Total ([illegible])
1963	256.0	327.4	104.2	687.6
1964	197.3	295.9	44.2	537.4
1965	197.0	313.0	62.0	572.0
1966 (1)	260.0	373.0	85.0	718.0

(1) Provisional

As shown in the table above, during the Plan period raw material imports rose sharply, in line with domestic production. Imports of investment goods, on the other hand, fluctuated according to the investment demand and the imports required for certain projects such as the Ereğli Iron and Steel Mills. Consumer goods were influenced by the import of surplus agricultural commodities (U.S. PL - 480 imports).

The composition of imports estimated in the First Plan is quite different from that realised. The similarity existing between the rate of realisation of the total imports and Plan targets does not exist between the rate of realisation of imports as to major commodity groups and Plan targets. Imports of investment goods, in particular, were realised below Plan targets while raw material imports exceeded the targets. The shortfall in the import of investment goods may be attributed to the low rate of realisation in investment. The raw material import requirements of the economy, on the other hand, were estimated below the actual level. Imports of consumer goods were realised at the low level established as a target. During the last years of the Plan period, however, consumer goods of luxury nature which had been smuggled into the country began to appear in the markets of large cities. Therefore, the actual volume of consumer goods imports was higher than that indicated in the balance of payments.

Despite this situation it may be said that the import system made it possible to influence the commodity composition of imports in the desired direction, and that the system was implemented in an effective way during the first Plan period.

In the distribution of imports by regions, an increase has been recorded in the share of bilateral agreement countries in total imports. Distribution of imports by regions is indicated in Table 13.

TABLE 13 — Distribution of Imports by Regions

(%)

	1963	1964	1965	1966
	(1)	(2)	(3)	(4)
1. OECD Countries	76.36	74.83	73.90	75.29
2. Bilateral Agreement Countries	12.11	11.66	13.46	14.35
3. Other Countries	11.53	13.51	12.64	10.36
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**

The increase in imports to bilateral agreement countries which are limited by export possibilities, indicates that new markets exist for Turkey's export goods in these countries. Eastern bloc countries occupy an important place among the bilateral agreement countries (in 1963, 9.9 per cent of imports).

(2) Import System

In view of the fact that the foreign exchange resources of Turkey are limited, a system permitting a quantitative control of imports according to the priorities and preferences established by the Plan targets has been adopted, whereas in the field of invisible transactions it has been preferred to make partial use of financial control instruments.

Imports under this system are divided into two categories as to the method of financing. Under the first category, imports are effected against foreign exchange, while imports under the second category are self - financed and do not require allocation of foreign exchange.

During the period 1962 - 1966, imports effected through the allocation of foreign exchange corresponded to approximately two-thirds of total imports. Goods having priority as to development are indicated under the list of liberalised goods. During the Plan period, the share of these imports in the total imports amounted to 40.44 per cent. Expansion of the list of liberalised goods to cover also other kinds of commodities which were imported during the Plan period, could not be realised due to failure in securing the expected foreign financing means. Although the long-term target was to discontinue quantitative restrictions and ensure the liberalisation of imports, this target could not be realised due to failure in attaining the required economic conditions.

Certain other goods are indicated under the list of import goods subject to allocation. The importation of these goods is not free. The share of these goods in total imports rose contrary to the long-term target of the Plan. The share of commodities subject to allocation in total imports which stood at 22-23 per cent during the initial years of the First Plan rose to 28-30 per cent towards the end of the Plan period. The increase in the percentage of these imports was caused by the need to increase quotas for certain goods parallel to the development of the economy, and by the inability to secure a sufficient increase in foreign exchange resources.

Self-financed imports, which do not require the allocation of foreign exchange, include imports made under project credit imports by foreign private capital, exports made from bilateral agreement countries, infrastructure and off-shore exports, imports financed by surplus agricultural commodity credits, and imports without allocation of foreign exchange.

Imports generated and financed by foreign private capital are to a large extent limited to those needed for petroleum exploration and production activities. Imports financed by this source amounted to $ 15.8 million in 1964, $ 15.8 millon in 1965, and $ 20.8 million in 1966.

Imports effected under bilateral agreements which are principally based on a clearing system, marked substantial increases during the last years of the Plan period. These imports, which normally correspond to an average of 10 per cent of total imports, have recently recorded an increase and rose to a level exceeding 12 per cent. The increase in imports from bilateral countries was caused, on the one hand, by the development of exports to these countries and, on the other, by the lack of sufficient foreign exchange to increase liberalised or quota imports to a level consistent with the needs of the economy. An increase in this type of import is not considered satisfactory unless (i) they provide an export opportunity for certain goods which cannot be exported easily, and (ii) measures to preclude unnecessary price increases in exports and imports are taken. Since the second of these conditions was not met during the First Plan period, this development is considered unsatisfactory.

Imports of surplus agricultural commodities which rose substantially during the initial years of the First Plan period, recorded a decline toward the end of the period. In 1967, no imports are expected from this source. The discontinuation of this type of import which, due to its nature, unfavourably effects domestic production and impairs normal price mechanisms, and the importation of goods needed by the economy only under the normal imports system, may be considered as favourable developments.

Implementation of the system of deposit requirement in imports was initiated prior to the Plan period. This system aims at (i) reducing the time limit required for the realisation of imports, and (ii) cutting down the volume of import requests because of the cost increasing effect of the deposit requirement. During the Plan period the only change made in this system was the introduction of different rates of deposits for different groups of commodities, and emphasis was placed upon making the greatest use of the import reducing effect of the requirement. However, the effect of the deposit requirement on money supply, and the problem of financing these deposits and imports, were not given sufficient attention. Although the effect of the deposit requirement on money supply may be favourable when the economy is under inflationary pressure, this effect may develop adversely during periods of economic stagnation or at the time of the existence of deflationary pressure. During the First Plan period, particularly in 1964 and in the first half of 1965, the system of deposits had an adverse effect on the then prevailing economic stagnation by causing a further increase in the liquidity shortage of the economy.

(3) Exports

Annual export realisations are indicated in the balance of foreign payments table. During the period 1963 - 1966, exports exceeded the Plan targets. Under the First Plan, exports were estimated on the basis of past developments to amount to $ 348 million (FOB) in 1963, and to $ 427 million in 1966. During the first four years of the Plan period, however, actual exports exceeded the Plan targets by 12 per cent. During the period under study, the increase in exports was caused by the liquidation of existing stocks of certain agricultural products, and by increases in the production of exportable agricultural products, rather than by a structural change.

No change took place in the relative share of industrial products in total exports. During the First Plan period a decline was recorded in the prices of Turkey's export goods. Export price indices have followed a constant downward trend since 1963. On the basis of an index number of 100 for the first year of implementation of the Plan period, export prices fell to 95.4 in 1964, and to 93.6 in 1965. The import price indices, on the other hand, rose slightly, and consequently the terms of trade showed an adverse development during the period.

The place and importance of agricultural products in total exports is great since Turkey is an agricultural country.

A significant structural change did not occur in the commodity composition of exports during the First Plan period. The composition of exports in the years 1963 through 1966 is indicated in Table 14.

TABLE 14 — Composition of Exports

(Million $)

Years	Agricultural Products (1)	Mining Products (2)	Industrial Products (3)	Total (4)
1963	284.2	10.5	73.3	368.0
1964	311.5	15.0	84.3	410.8
1965	351.9	21.0	90.8	463.7
1966	379.0	23.2	88.3	490.5

As seen from Table 14, the relative share of agricultural products in total exports was 77.23 per cent in 1963, and 77.27 per cent in 1966. In the First Plan the exports of mining products were expected to rise parallel to the estimated increase in the production of these products. The output of the mining sector, however, recorded an increase only towards the end of the Plan period. Therefore, the export targets of these products could not be realised during the initial years of the First Plan.

The relative share of industrial products in the composition of exports remained almost at the same level. Realisation of a structural change in exports depends upon an increase in this share. However, the measures stipulated in the First Plan for the promotion of the export of industrial products could not be implemented wholly, or smoothly. The principal obstacles preventing the promotion of exports of industrial products were the high cost of production, low quality, lack of marketing knowledge, and the failure to increase production to a level sufficient to permit exports.

The distribution of exports by regions during the First Plan period is indicated by percentages in Table 15.

TABLE 15 — Breakdown of Exports by Regions (%)

	1963 (1)	1964 (2)	1965 (3)	1966 (4)
1. OECD Countries	79.2	78.5	72.4	73.8
2. Bilateral Agreement Countries	13.1	14.6	19.0	18.7
3. Other Countries	7.7	6.9	8.6	7.5
4. Total	**100.0**	**100.0**	**100.0**	**100.0**

During the First Plan period an increase took place mainly in exports to bilateral agreement countries. Although exports which are not made against free foreign exchange create certain problems, the necessity to increase exports has forced Turkey to establish closer trade relations with the bilateral agreement countries.

(4) Export System

A rather liberal system has been adopted for exports. Unless specifically prohibited by law or by decree, or subject to licensing or registration, the exportation of all goods is free.

Although the promotion of exports may require a reduction in or discontinuation of export formalities and of restrictive measures such as licensing and registration, it has been found necessary to subject the exportation of certain goods to registration to prevent price fluctuations in exports, to warn exporters, and to establish a relationship between domestic and foreign market prices. However, in order to promote exports whenever a new market is found for Turkey's export products, efforts have been made to liberalise the export system as much as possible by taking into consideration the import systems of foreign countries.

The Plan aimed at achieving in the long run a surplus in the balance of invisible transactions, and expected the deficit in the balance to fall from (-79) million dollars in 1963, to (-42) million dollars in 1967.

The balance of invisible transactions was realised at (-30) million dollars in 1963 and is estimated to show a surplus of (+68) million dollars in 1967. During the period under study, foreign debt and interest exceeded the Plan targets, while foreign private capital and profit transfers fell below the original estimates, and tourism receipts were realised below the Plan targets. Workers' remittances, which arose as a new source of foreign exchange during the Plan period, are expected to amount to $ 130 million in 1967 and to have a favourable effect on the balance. In 1965, the balance of invisible transactions showed a surplus, and this situation continued in 1966 also. Shortfalls in foreign aid were prevented from having an unfavourable effect on the economy through the developments thus achieved in the balance of invisible transactions.

(5) Capital Movements

The developments foreseen in the Plan in the item "Other Capital Imports", which were meant to cover the current account deficit and to finance the foreign debt repayments, were not realised at the expected level. The foreign payments deficit of the economy recorded a decline as a result of the failure to obtain foreign aid and credits at the desired level and time, and because of the unexpected increase in foreign exchange receipts. Consequently, a reduction took place in the external savings required for development, thus necessitating increased domestic efforts to finance the Plan. Capital imports envisaged in the Plan and those realised are compared in Table 17. As seen from the table, although the relative share of capital imports in GNP was planned to amount to 4.8 per cent in 1963, this percentage was realised at only 3.8 per cent. In 1966, on the other hand, the ratio of capital imports was realised at 2.8 per cent, against the 3.1 per cent estimated in the Plan.

TABLE 16 — Project Credits During 1963 - 1966

(Million $)

	1963 (1)	1964 (2)	1965 (3)	1966 (4)	Total (5)
Commitments	40.5	107.0	160.0	156.0	463.5
Utilisations	107.0	37.2	57.2	72.5	377.7

Source : Ministry of Finance

TABLE 17 — Capital Movements (Million $)

	1963		1964		1965		1966	
	Plan	Realisation	Plan	Realisation	Plan	Realisation	Plan	Realisation
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Capital Movements	251	282	273	145	242	122	246	170
Foreign Debt Repayments	— 148	— 114	— 99	— 110	— 164	— 161	— 80	— 119
PL-480	60	94	60	32	60	29	60	17
Private Foreign Capital	25	21	25	25	25	22	25	30
Other Capital Imports (Foreign Financing)	**349**	**281**	**322**	**198**	**356**	**232**	**276**	**242**
Ratio of Capital Imports to GNP (GNP At 1965 Prices)	**4.78**	**3.80**	**4.13**	**2.57**	**4.28**	**2.86**	**3.07**	**2.76**

Commitments and actual utilisations related to project credits which are included among capital imports, are indicated in Table 16. It should, however, be noted that the figures indicated in the table on the actual utilisation of project credits represent the payments made from this source, while the project credits shown in the balance of payments table represent the actual imports made under these credits.

(6) The actual magnitudes realised in the balance of payments during the First Plan period lead to the following conclusions :

(a) Since it has not proved possible to realise a balance in foreign payments and to make available the foreign exchange required for financing imports the quantitative restrictions imposed on imports could not be relaxed.

(b) The system of deposits on imports, which imposes a financial restriction on imports, exerted an adverse effect during the periods when the economy was under deflationary pressure.

(c) Although the export targets of the Plan were exceeded, no structural change took place in the commodity composition of exports.

(d) Industry could not achieve a structural modification permitting it to compete in world markets, and consequently the system of protecting industries in the process of development through high customs tariffs and quantitative import restrictions had to be continued.

(e) The favourable developments attained in the balance of invisible transactions have exceeded the Plan targets. However, (i) the development target established for tourism could not be realised, (ii) the remittances of the Turkish workers employed abroad gained a substantial importance which was a new development not foreseen in the First Plan. Tourism receipts and workers' remittances cannot, however, constitute items as dependable as export earnings for the long-term objectives of the balance of payments since they are dependent upon foreign economic developments and pertinent policies.

(f) Capital movement realisations lead to the following conclusions : (i) Foreign debt repayments during the First Plan period exceeded the Plan targets, and (ii) capital inflow could not reach the level foreseen in the Plan. This shortfall may be attributed to the fact that aid requested in the form of project and programme credits from the Consortium for Aid to Turkey established to meet the foreign financing requirements of the Plan, could not be received in due time and at the levels requested, and that the methods employed in securing this aid were time consuming. The foreign financing policy followed during the First Plan period has not been as successful as expected in ensuring the required inflow of foreign resources as to volume and time. Nevertheless, the impact of foreign debt repayments which imposed a great burden on the economy during the First Plan period, was somewhat eased through debt deferment and refinancing operations. Favourable developments as to grace periods, maturities, and interest rates were realised with regard to credits received during the First Plan period as compared to those received prior to the planned period.

(g) During the First Plan period, foreign exchange reserves could not be increased to a level commensurate with the volume of imports. Delays in the inflow of foreign financing resources, and fluctuations in the demand for imports as a result of certain domestic economic factors, have created difficulties in foreign payments. The psychological effects of such difficulties obviously influence the economy adversely.

(h) The policy of import substitution has been implemented as much as possible during the First Plan period and the import substitution targets set forth in the Plan are expected to have been achieved.

2. PRICES

The price stabilisation policy initiated prior to the First Plan period continued to be implemented during the Plan period as well, and a relative stability in the general price level was maintained throughout this period. The average annual increase in wholesale prices and in the cost of living indices for Ankara and Istanbul are given in Table 18.

TABLE 18 — Price Increases (Annual Averages)

(%)

	1962	1963	1964	1965	1966	Index for 1966 1962=100
1. Wholesale Price Index	5.7	4.2	-0.7	9	4	117.7
a. Food and Fodder	8.8	4.2	-1.9	9.4	5.8	118.5
b. Industrial Raw Materials and Semi-finished Goods	—	3.8	1.8	7.2	2.0	115.7
2. Cost of Living Index (Ankara)	3.8	6.1	1.9	7	5	121.6
3. Cost of Living Index (Istanbul)	3.8	6.5	0.8	5	9	122.0

Source : Ministry of Commerce.

The wholesale price index, which is a dependable indicator of the general price level, shows that, except for 1965, price stability was maintained. As a result of monetary and expenditure policies followed to obviate the economic stagnation observed in 1964, stability in the general price level could not be maintained in 1965, with a consequent rise of approximately 9 per cent in the wholesale price index. The price increases in the two groups comprising the wholesale price index, i.e., foodstuffs and fodder, and industrial raw materials and semi-finished products, were not of the same magnitude. As seen from the table, the price of foodstuffs and fodder rose at a higher rate and increases in the price of items comprising the foodstuffs and fodder group significantly effected the wholesale price index. The high rate of increase recorded in the wholesale prices index during 1965, was mainly caused by substantial increases in the price of certain food items under the foodstuffs group. Price indices currently in use were established years ago in compliance with the economic conditions of that time, and developments which have occurred in the meantime have weakened the value of these indices. In order to render the indices more dependable, it would be necessary to change both the composition and the number, as well as the weight of the items comprising the index.

The increase in the cost of living indices was higher than that of the wholesale price indices. This was due to the fact that the weights of food items entering into the cost of living indices are heavier than those of the other items, and that during the years under study food prices rose faster than the average.

Parallel to changes to be made in the wholesale price index, the cost of living indices must also be modified by taking the consumption tendencies and the requirements of families into consideration within the framework of the present day way of life.

3. DEVELOPMENTS IN MONEY AND CREDIT

a. MONETARY DEVELOPMENTS

The First Plan aimed at implementing monetary policy in such a way as to avoid the emergence of inflationary and deflationary tendencies apt to hinder the full utilisation and effective distribution of resources. Moreover, the necessity of avoiding deficit financing and of precluding an increase in the volume of money in circulation at a rate substantially higher than the rate of increase in output and national income, which might cause inflation, was also recognised.

During the first four years of the First Plan period, money supply rose at an average rate of 15.9 per cent per annum, from TL 10.9 billion in 1962 to TL 19.7 billion in 1966. Developments in money supply are indicated in Table 19. During the same period, the average annual increase amounted to 12.1 per cent for bank notes in circulation, 13.1 per cent for the volume of quasi money and 20.2 per cent for the volume of demand savings deposits. GNP rose by an average rate of 6.5 per cent per annum and the general level of prices recorded an average increase of 4.2 per cent per annum. During the period under study, although part of the increase in money supply may be attributed to the greater use of money, it should be noted that the higher rate of increase in money supply compared to the rate of increase in GNP caused a rise in prices. In 1963 and the first half of 1964, the Plan targets were observed closely and money supply rose parallel to the increase in national income. However, around the middle of 1964 deflationary tendencies began to appear in the economy and in order to avoid these tendencies certain monetary policy measures were taken to increase money supply. As a result of these measures money supply rose at the end of 1964, particularly through the intervention of the Central Bank. In 1965, decline in the liquidity preferences of the public accelerated the rate of increase in money supply. A larger part of this increase, however, took place in the volume of deposits. In order to slow down this high rate of increase, restrictive measures had to be taken at the end of the year. Despite a decline in the net gold and foreign exchange reserves, deposits rose sharply and money supply continued to increase in 1966.

TABLE 19 — Money Supply (as of the end of December)

(Million TL)

	1962	1963	1964	1965	1966	1962 - 1966 (%)	Annual Average Increase (%)
Banknotes and Coins	4 527	4 926	5 835	6 326	7 148	57.9	12.1
Banknotes	4 368	4 772	5 664	6 174	6 975	59.7	12.4
Coins	159	154	171	152	173	8.8	2.0
Deposits	1 950	1 999	2 230	2 580	3 203	64.3	13.1
Commercial Demand Deposits	1 747	1 805	2 207	2 555	3 178	81.9	16.0
Central Bank Deposits	203	194	23	25	25	— 12.0	—
Sight Savings (Demand) Deposits	4 487	5 242	5 934	7 528	9 409	109.7	20.2
Total Money Supply	**10 964**	**12 167**	**13 999**	**16 434**	**19 760**	**80.2**	**15.9**

Source : Central Bank of Turkey.

(1) : Figures for the end of 1966 are provisional.

b. CREDIT DEVELOPMENTS

The close inter-relation between the credit and monetary policies and the importance of the credit policy in economic stability were taken into consideration in the First Plan and the adoption of a credit policy which would preclude inflation was established as a target. Measures and recommendations conforming with the general economic objectives of the Plan were also stipulated with regard to the maturities and effectiveness of credits and their optimum distribution among the productive sectors.

Bank credits recorded an average increase of 19.5 per cent per annum and rose from TL 11.2 billion in 1962 to TL 19.1 billion in 1965. However, credit measures and organisational reforms envisaged in the First Plan for the promotion of private enterprise were not realised. The composition and distribution of the net volume of credits extended by the banking system are indicated in Table 20.

The credit market of Turkey is composed of organised credit market institutions, namely, (1) the banks, (2) the Central Bank, and (3) organisations lending money under the provisions of Law 2279 and of those extending credits in the unorganised credit market. The total volume of credits extended by the unorganised credit market cannot easily be estimated. It should be kept in mind that a certain portion of these credits are fed by the resources of the banking system.

Studies carried out have revealed that an unorganised credit market is operating extensively in Turkey and that the measures taken during the First Plan period were not sufficient to prevent the illegal activities of this market. These illegal activities and the high interest rates charged indicate that the credit volume in Turkey is not sufficient and that credits are not distributed according to demand.

Considering that the credits extended by those dealing with money lending activities are not of significant importance, the volume and nature of credits made by the banking system alone are indicated in Table 21.

Table 20 — Composition and Distribution of Net Credits of the Banking System

(Million TL)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)
COMPOSITION				
Portfolio of Bills	1 680	2 615	2 943	3 219
Advances	1 226	1 386	1 981	2 807
Current Debtor Accounts	4 599	5 368	5 551	7 015
Artisans and Small - Scale Tradesmen	183	202	247	312
Agricultural Credits	1 931	2 312	2 991	3 206
Credits Against Mortgages	1 235	1 410	1 651	1 813
Industrial Banks	334	385	485	593
Banks Liquidation Fund	54	73	118	205
TOTAL CREDITS	**11 242**	**13 751**	**15 967**	**19 170**

TABLE 20 — (Continued)	1962 (1)	1963 (2)	1964 (3)	1965 (4)
DISTRIBUTION				
Credits of Financial Nature	1 587	2 109	2 832	3 627
General Budget Administrations	552	899	1 204	1 753
Annexed Budget Administrations	13	83	337	425
Local Administrations	968	1 054	1 173	1 244
Iller Bank	883	863	1 041	1 123
Other Banks	85	91	132	121
Banks Liquidation Fund	54	73	118	205
Credits of Economic Nature	9 655	11 642	13 135	15 543
Private Sector	9 166	10 541	11 896	14 367
Miscellaneous Credits	5 587	6 348	6 645	8 598
Credits for Specialised Fields	3 579	4 193	5 251	5 769
Artisans and Small - Scale Tradesmen	183	202	247	312
Agricultural Credits	1 931	2 312	2 991	3 206
Industrial Banks Credits	334	385	485	593
Housing Construction Credits	1 131	1 294	1 528	1 658
State Economic Enterprises	489	1 101	1 239	1 176

Source : Central Bank of Turkey.

TABLE 21 — Credit Volume of the Banking System

(Million TL)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)
A. Central Bank Credits	1 874	3 151	4 140	4 665
B. Direct Credits of the Central Bank	880	1 865	2 523	3 070
C. Central Bank Credits Made Through Banks	944	1 286	1 617	1 595
— Agricultural Bank	370	570	820	602
— Other Banks	574	716	797	993
D. Bank Credits	10 362	11 886	13 444	16 100
E. Bank Credits made From Their Own Resources	9 418	10 600	11 827	14 505
F. Guarantees to the Central Bank	944	1 286	1 617	1 595
Volume of Bank Credits (B+C+E)	**11 242**	**13 751**	**15 967**	**19 170**

Source : Central Bank of Turkey.

As shown by the table, the relative share of the Central Bank in total volume of credits rose compared to 1962 during the period under study. This development, however, should not be interpreted as an improvement in the effectiveness of the Central Bank in the credit market, for when 1963 is taken as a base for comparison, it can be seen that no increase took place in the relative share of the Central Bank. An increase can also be observed in the direct credits of the Central Bank. These credits, however, were mostly made to cover the needs of the public sector and, therefore, the Bank could not play an effective role in the overall credit policy.

A review of bank credits and resources indicates a substantial increase in the credits made from banks' own resources. The own resources of the banks consist, in particular, of deposits and consequently depend on increases in the volume of deposits. The relative distribution of the resources of the banks in 1964 is shown in Table 22. The total volume of credits is greatly affected by the volume of bank credits. Since deposits represent the principal source of bank credits, it is useful to consider the nature of deposits. The deposits with banks are composed of small units widely dispersed throughout the banking system. They are generally in the nature of short - term or demand deposits and represent small savings. The nature and difficulties in increasing the volume of savings have necessitated the imposition of restrictions on credits and have led the banks to make short - term credits, mainly of commercial character which bear less risk. During the First Plan period, the long and medium - term credit problems of the economy could not be solved because of the failure to increase the volume of time deposits to a sufficient level and to establish a differential interest rate system to this effect.

TABLE 22 — Relative Distribution of the Resources of Banks (1964)

	Commercial Banks	**Banks Established Under Special Laws**	**Total**
Capital Stock	7.8	23.8	18.2
Deposits	75.0	31.2	44.9
Guarantees	8.5	21.4	17.5
Bonds in Circulation	—	3.3	2.2
Other Liabilities	8.7	20.3	17.2
TOTAL	**100.0**	**100.0**	**100.0**

Source : Central Bank of Turkey

Although the State Investment Bank, which was established to meet the long-term investment credit requirements of State Economic Enterprises, has produced favourable results in this sector, no progress has been made in meeting the medium and long-term credit needs of the private sector and the high interest rates applied on credits have prevented a shift of investments towards under-developed regions.

The sectoral distribution of credits are indicated in Tables 23 and 24. These tables show that the trade sector, which is basically in need of short-term credits, made the utmost use of bank credits. Although the credits of the industrial banks and those made to the agricultural sector rose at a relatively higher rate, the absolute volume of these credits did not reach a sufficient level. It should, however, be pointed out that a substantial part of the credits opened by commercial banks go to industry. Although the medium and long-term credit requirements are met through credit extensions, this practice causes a rise in the price of credit and under these conditions weak and small enterprises are deprived of the use of the credit system.

TABLE 23 — Distribution of Bank Credits According to Usage (Central Bank Excluded)

(Million TL)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)
PORTFOLIO OF BILLS	1 163	1 215	1 245	1 595
Advances	917	994	1 274	1 566
CURRENT DEBTOR ACCOUNTS	4 599	5 368	5 551	7 015
Open Credits	2 319	2 632	2 884	3 479
Credits on Guarantee	267	291	306	405
Credits on Material Guarantee	2 015	2 445	2 361	3 131
ARTISANS AND SMALL-SCALE TRADESMEN	183	202	247	312
Mortgage Credits	1 235	1 410	1 651	1 813
Agricultural Credits	1 931	2 317	2 991	3 206
CREDITS OF THE INDUSTRIAL BANKS	334	385	485	593
Industrial Development Bank of Turkey	334	385	408	475
Industrial Investment and Credit Bank	—	—	77	118
TOTAL	10 362	11 886	13 444	16 100

Source : Central Bank of Turkey

TABLE 24 — Distribution of Bank Credits According to Aims and Sector (Central Bank Excluded)

(Million TL)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)	1966 (5)
CREDITS OF FINANCIAL NATURE	1 194	1 221	1 324	1 410	
General Budget Administrations	213	159	149	164	
Annexed Budget Administrations	13	8	2	2	
Local Administrations	968	1 054	1 173	1 244	
Iller Bank	883	963	1 041	1 123	
Other Banks	85	91	132	121	
CREDITS OF ECONOMIC NATURE	9 168	10 665	12 120	14 690	
Private Sector	9 116	10 541	11 896	14 367	
Miscellaneous Credits	5 537	6 348	6 645	8 598	
CREDITS FOR SPECIALISED FIELDS	3 579	4 193	5 251	5 769	
Artisans and Small - Scale Tradesmen	183	202	247	312	
Agricultural Credits	1 931	2 312	2 991	3 206	
Credits Made by the Industrial Banks	334	385	485	593	
Housing Construction Credits	1 131	1 294	1 528	1 658	
State Economic Enterprises	52	124	224	323	
TOTAL	**10 362**	**11 886**	**13 444**	**16 100**	

Source : Central Bank of Turkey

In the distribution of credits between the public and private sectors, Central Bank resources in particular were generally directed towards the public sector. Consequently, the relative share of the public sector in total credits recorded an increase compared to the base year of the Plan. (See Table 24). The relative share of the public sector rose as a result of the increase in volume of credits of a financial nature, on the one hand, and in the volume of credits of an economic nature extended to State Economic Enterprises, on the other.

An effective and suitable credit control policy is considered indispensable for the implementation of an efficient credit policy. Responsibility for employing credit control instruments, such as making changes in the rediscount rates and applying a differential interest rate scheme, were given to different organisations and this practice continued throughout the First Plan period. The relative share of housing investments in the total private sector investments which stood at 43.2 per cent in 1963, rose to 46.0 per cent in 1965, while the relative share of investments made in the manufacturing industry fell from 36.4 per cent to 23.9 per cent during the same period. The high rate of private sector investments in 1963 was caused by the investments made in the Ereğli Iron and Steel Mills during that year. A large part of the measures stipulated in the

Plan for development of the private sector, on the other hand, could not be realised or could not be implemented effectively. Despite these failures, private sector investments exceeded the Plan targets by 8.3 per cent during the first four years of the Plan period. Although the rate of realisation of public sector investments remained below the Plan targets, the relative share of these investments in both total and industrial investments recorded significant increases during the period 1963 through 1965.

The principal factors causing a fall in public sector investments under the Plan targets, may be summarised as follows :

1. Internal financing difficulties due to the failure to reach the Plan targets in public revenues, and the failure to keep public current expenditures within the limits stipulated in the Plan.

2. Failure to prepare adequate projects in sufficient number during the initial years of the planned period.

3. Lack of investment capacity and experience in departments and organisations making investments.

4. Failure to make changes in legislation causing difficulties and hindering investments.

5. Difficulties encountered in securing the external financing requirements of investments within the time period and with the ease expected at the inception of the Plan. This foreign financing problem emerged, in particular, because of delays in the pledging and utilisation of project loans and the utilisation of programme assistance.

The credit policy implemented and the developments in the field of credits during the First Plan period, lead to the following conclusions :

(1) During the First Plan period, the Banking system continued to operate as the only institution in collecting personal savings and distributing them among the various sectors of the economy. New institutions to function in the same fields were not developed during the Plan period.

(2) The public sector made the utmost use of credit resources, particularly the resources of the Central Bank, in meeting its own credit requirements. With this exception, no credit policy sufficiently effective in directing bank credits towards the desired sectors could be implemented. The rediscount policy implemented and the principles set forth in the utilisation of marginal legal reserves were far from establishing an effective system in this area. Credit distribution remained based on the decisions of the banks and the prevailing conditions in the free market.

(3) Limited progress only was realised in the process of specialisation of banks. Long and medium-term credit requirements were met within the volume and under the conditions established for short-term credits. A differential interest rate system which would enable the adoption of different maturities for both deposits and credits, could not be implemented.

THE STRUCTURAL IMPEDIMENTS RESTRICTING THE DEVELOPMENT OF THE TURKISH ECONOMY AT THE BEGINNING OF THE SECOND FIVE-YEAR PLAN PERIOD

Although Turkey has become one of the most rapidly developing countries of the world in recent years, certain economic and social structural impediments restrict the rate of development. For this reason the Second Plan, whose objective is to raise the welfare of the Turkish people through a rapid economic development, aims to remove these structural impediments or to reduce their effects, even if this means certain sacrifices. In this chapter these impediments are defined clearly. The specific measures and the policy tools that should be used are indicated in the chapter on the objectives and policy of the Second Plan.

1. PROMOTION OF SAVINGS

Generally in countries like Turkey which are at the threshold of development and which have a rapid increase of population and income, the main factor that determines the development rate is not the lack of demand but the promotion of productive capacity as a consequence of increased investments. The increase in investments depends on the increase in import capacity together with the promotion of domestic savings to support the chosen growth rate. In other words, economic development requires that larger increments out of increasing income be reserved for savings.

In recent years, although there has been a positive development in the Turkish economy and in its social institutions, there are certain structural impediments and insufficiences that restrict the rapid increase of savings.

The main factor restricting the increase in savings is, without doubt, the low general level of income which in turn determines the level of savings. As a consequence of the low income level, the part which can be set aside for savings after the purchase of necessities is low. On the other hand, the consumption level of the society has risen as a result of the close relations which Turkey has established with the advanced, high income nations of the world.

Although the savings generating entrepreneurial group has attained an ever increasing dynamism, it has not yet acquired the anticipated power and expansion. As a result, the level of savings is low since the possibilities of using these savings in the most profitable way are restricted. Moreover, the value judgements of the society and the social security order effect the level of savings. In societies with close family ties, savings are kept at a minimum to be able to preserve the future consumption at a high level.

In addition to all of these factors which restrict savings, an effective system to mobilise dispersed savings has not been adequately established.

In other words, another reason for restricted savings is the lack of an institutional system to promote savings and distribute them effectively into profitable fields. The organisation of such an institutional structure and the strengthening and expansion of financial intermediary institutions appears as the main problem, particularly at the beginning of the Second Plan period when the rhythm of industrialisation has accelerated.

The objective of the Plan is to enable the Turkish economy to reach a 7 per cent growth-rate. This objective necessitates the increase of domestic savings by 77.6 per cent. Consequently, by 1972 the share of domestic savings in GNP needs to be increased to 22.6 per cent. An increase in savings of this magnitude in five years is only possible by the removal of the above mentioned structural impediments; by following an effective policy to reduce consumption; and by the establishment of a system to secure an effective distribution of savings thus generated among various investment alternatives.

2. FOREIGN TRADE AS A RESTRICTING FACTOR IN THE DEVELOPMENT OF THE TURKISH ECONOMY

In general, rapid development necessitates an accelerated increase in investments. This relationship becomes more important when carried on parallel to industrialisation because the acceleration of investment depends on the concurrent existence of two fundamental factors. On the one hand, savings must be rapidly increased to a level sufficient to support investments, and on the other, the import capacity must be increased to permit increased investments and to enable the import of machinery, equipment and raw material which cannot be produced at home but which are necessary for the efficient use of the established production capacity.

In the past, with the exception of several years, the long-run trend of Turkish foreign trade is characterised by the fact that it did not increase parallel to the increase in national income. Hence, its effect was to restrict rather than to induce economic development. In other words, one of the main structural impediments to economic growth in the past was the fact that the foreign trade sector or, to use a more general concept, the balance of payments operation, could not keep up with the general economic development.

In fact, between the years 1962 - 1966, GNP increased by 29.5 per cent while the volume of foreign trade only increased by 20.8 per cent, with a resultant reduction in the total share of imports and exports in GNP. In the long-run this situation can be seen more clearly. Exports exceeded the level attained in 1953 only in 1964, while the 1966 exports were only 23.8 per cent above the level of 1953. If, as a general rule, it is postulated that the increase in the volume of foreign trade should exceed the increase in income, it can be seen that during this period the foreign trade sector had a restricting effect on economic development. If one considers that in the same period of 1962 - 1966 total investment at constant prices nearly doubled, it can be seen clearly that the foreign trade sector had a restricting effect on economic development.

As a result, recourse to foreign loans was necessary since foreign trade could not keep up with the pace of rapid development. However, 55 per cent of the foreign aid secured between 1962 - 1966, a figure amounting to $ 1 372 million, was used for the payment of principal and interest of former debts. For this reason, foreign aid, particularly in recent years, could not sufficiently help remove the impediments to raising the import capacity.

The necessity of a commensurate increase in the foreign trade volume as industrialisation accelerates has become increasingly apparent. Although the rather large population, land area and variety of natural resources that Turkey possesses reduces the dependence of economic development on foreign trade, in the near future, when development and industrialisation accelerate, the ability to increase the import capacity will be a very important factor in determining the growth-rate.

It will not be possible to reach the import level required for rapid development with the foreign exchange income to be secured within the Second Plan period because of the lack of savings in the economy. Although considerable improvement is expected in the coming years, developments in foreign trade will not suffice for the 7 per cent growth rate. Hence, recourse to external borrowing will be necessary during the Second Plan period.

3. THE INSTITUTIONAL IMPEDIMENTS RESTRICTING DEVELOPMENT

In addition to the structural impediments restricting income, another important factor, as influential as the first, is the lack of "economic organisation". More clearly, the present system for the transfer of potential savings to more productive fields and for the effective use of investment opportunities is not operating efficiently and the appropriate organisation to provide such an operation has not yet been established.

The effects of the above mentioned factors are indicated in the various chapters of the Second Plan together with the direction in which they affect economic growth and the policy decisions required. The following section will be concerned only with the organisational problems in three main sectors.

a. AGRICULTURAL ORGANISATION AND EFFICIENCY

To a great extent, economic development depends on agriculture. The nature of the changes in agricultural production has a two-fold effect on the Turkish economy and society.

1. The general economic development is unstable because of its dependence on weather conditions.

2. This instability creates various economic and social problems within the sector.

It is impossible to remove completely the fluctuations in agricultural production and prices. However, by removing the factors that make these fluctuations more severe the unfavourable effects on economic development can be mitigated. The most important factor that increases agricultural prices and production instability in Turkey is the malfunctioning of the agricultural organisation.

The most important factor restricting agricultural development is the inability of farmers to form large organisations of their own. The trend of small land-owners to integrate by means of cooperatives is not wide spread. Moreover, since the cooperative movement in the marketing and credit fields is not well developed, the following difficulties are created.

It is not possible to strengthen the relationship between production and marketing because of the lack of reliable data about possible price changes. If progress in this problem is not made by accelerating economic development and increasing social mobility, and if considerable advances in the fields of education, communication and energy are not made, then development will be greatly restricted, particularly towards the end of the Second Plan period.

b. INDUSTRIAL ORGANISATION AND EFFICIENCY

There are organisational bottle-necks that greatly restrict development and efficiency in the industrial sector.

In the manufacturing industry particularly, there are many entrepreneurs actively operating small, separate enterprises. Hence, it is not possible to produce at even the minimum economic capacity and to benefit from the rapidly developing production and management techniques of the industrialised countries. In addition, facilities for making and applying industrial research have not been developed.

The coordination and organisational difficulties of public enterprises producing industrial goods have not been eliminated. To increase the productivity of public industrial enterprises that were established through large investment, specialisation in production, development of technical services and efficiency in marketing activities are necessary.

c. SERVICES AND INFRASTRUCTURE

Social and economic infrastructure investments play an important role in the acceleration of development. Although Turkey has reached a relatively high level of infrastructure investments when compared with similar countries, the rate of economic development that the Turkish economy had attained by the beginning of the Second Plan period and the objectives set forth for the future, necessitate the strengthening of the social and economic infrastructures.

SECTION III

1

5

THE TURKISH POPULATION AND CHARACTERISTICS OF SOCIAL STRUCTURE

a. POPULATION

1. SITUATION

The increase in income, which is an accepted factor in measuring development, is closely related to the increase in population, to the utilisation of the rising income and to the per-capita distribution of income. The anticipated development in per capita income, as a measure of development, cannot be attained when the population increase is close to the income increase. The rapid increase in population results in a disproportionately large percentage of young children and causes much greater consumption needs. In addition, a rapid increase in population effects the quality of investments by increasing the demographic investments for maintaining past living standards to the detriment of other investments. Since the rate of growth of population determines the quality and quantity of investments, the population factor gains an equal importance with savings. Population is a factor which affects economic development from two aspects; from the aspect of size it affects the amount and breakdown of investments and from the aspect of its characteristics it supplies the required manpower. Therefore, the objective of the population policy of Turkey is to improve the structure of population and to reduce the rate of population increase to such a level that it will not hinder economic development.

The population policy adopted during the early years of the Turkish Republic played an effective role in increasing the population and in offsetting the fall in population stemming from the First World War and the War of Independence. At that time, measures were taken to improve health conditions, to decrease death rates and to increase the birth rate. As a result, population increases far exceeding previous rates were recorded during the last fifteen years. The rate of population increase during the periods 1950 - 1955, 1955 - 1960, and 1960 - 1965 was 27.7, 28.5 and 26.1 per thousand, respectively. (1)

A change was deemed necessary in the population policy to slow down the rate of increase and in 1965 a new population policy was put into effect. The core of this new population policy is "family planning".

According to provisional results of the 1965 census the population of Turkey is 31 million. Because of the rapid population increase and high fertility rate, the density of the young-age group increases. Table 25 explains the distribution of the three main age groups. The percentage of the 0 - 14 age group within the total population rose as a consequence of high fertility. Because of the economically unproductive nature of this group, all their burden falls on the economically productive 15 - 64 age group. In developed countries the 0 - 14 age group constitutes 25 - 30 per cent of the total population. In Turkey, however, this ratio is 42 per cent. Therefore, the burden of the economically productive age groups which contribute to economic development increases. This burden, called "dependency ratio", increases under the effect of the rise in population. The changes in the dependency ratios are shown in Table 26.

---

(1) Including workers abroad.

TABLE 25 — Distribution of the Three Main Age Groups

(%)

Age Group	1945 (1)	1950 (2)	1955 (3)	1960 (4)	1965 (5)
0—14	39.54	38.32	39.37	41.25	41.74
15—64	57.12	58.35	57.05	55.22	54.16
65 and over	3.34	3.33	3.58	3.53	4.10
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source : State Planning Organisation

TABLE 26 — Change in the Dependency Ratio

(Per Thousand)

Years	Under 15 (1)	Over 65 (2)	15 - 65 (3)	Rate of Dependency (%) (4)
1955	9,475	860	13,729	75
1960	11,427	1,029	15,299	81
1965	13,102	1,286	17,003	85

Source : State Planning Organisation

The dependency ratio will fall with fertility since the reduction in fertility will result in the decrease of the proportion of children in the population while the proportion of the work force will increase. The estimates of the changes in the dependency ratio are shown in Table 35.

Another subject related to the age composition is labour supply. The population increase in Turkey is a very important factor in relation to employment since labour supply increases as a result of the high rate of population increase. When the employment created falls short of the labour supply, the difference results in an excessive number of people working in agriculture or, in other words, in disquised unemployment. Moveover, it results in open unemployment in the non-agricultural sector. This subject is explained in the section on employment.

An analysis of the distribution of labour among the various sectors indicates the economic structure of Turkey. Seventy per cent of the population lives in rural areas and most of this population works in agriculture. According to the results of the 1965 census, 75 per cent of the economically productive population works in the agricultural sector, 12 per cent in the industrial sector and 13 per cent in services. However, the proportions of those working in industry and services has followed a constant upward trend. The population working in the three main sectors is shown in Table 27.

TABLE 27 — Population in the Three Main Sectors (%)

Sectors	1955 (1)	1960 (2)	1965 (3)
Agriculture	82	79	75
Industry	9	10	12
Services	9	11	13

Source : State Planning Organisation

In Turkey the population over the age of six is 25 million, 48 per cent of whom are literate. In the period 1960 - 1965 the literate population increased from 8.7 million to 12.2 million.

58.4 per cent of the literate population has completed primary training, 6.7 per cent secondary training, 2.5 per cent vocational training and 1.6 per cent college and university training. The remaining 28 per cent is composed of those who have not graduated from a formal educational institution.

The percentage of the children of primary school age attending school rose from 67 per cent in 1960 to 78 per cent in 1965.

The location and size of population settlements creates, among the people forming such settlements, a differentiation in the living patterns, interrelationships and methods used to secure their subsistence.

In addition to the characteristics stemming from the size of settlement, social and economic elements as well have an important weight in the differentiation of the rural and urban populations. These social and economic elements are : industrialisation, non-agricultural activities, production depending on energy, specialisation, institutionalisation, reduction in the size of the family, deteroriation of traditions needed for division of labour, and vertical and horizontal social mobility. Since a population of 10,000 has the characteristics of a city in Turkey it has been selected as the limit to differentiate between a village and city. Based on this assumption, 30 per cent of the population lives in cities. There is an increase in the ratio of city population with every successive year.

TABLE 28 — Urban and Rural Population Ratios (1950 - 1965) (%)

Years	Urban Population (1)	Rate of Urbanisation (2)	Rural Population (3)
1950	18.5		81.5
1955	22.1	6.5	77.9
1960	26.3	6.5	73.7
1965	29.9	5.1	70.1

The increase in the ratio of urban to rural population is shown in Table 28 as an indicator of urbanisation. At the same time, the number of settlements with the characteristics of a city is also increasing. The number of cities, by their population, is shown in Table 29.

TABLE 29 — Number of Cities by Population

Population	1945 (1)	1955 (2)	1965 (3)
10 - 20,000	62	72	79
20 - 50,000	30	38	68
50 - 100,000	6	11	16
100,000 and over	4	6	14

Source : State Statistical Institute

During the period 1960 - 1965, the annual rate of increase in urban population was 51.5 per thousand, thus exceeding the rate of increase in total population. The increase in the urban population is the result of migration to the cities rather than the difference between births and deaths.

The relation between dwellings and population is also related to settlement. There are 2.36 people per room in Turkey, with 21.8 per cent of the urban population living in **gecekondu** (squatter houses). In 1965 the average family was composed of 5 - 6 persons, five in the cities and six in the villages.

2. DEMOGRAPHIC CHARACTERISTICS

Turkey has a high birth rate and is in a demographical transition period. The death rate decreases as a result of improved health conditions but the birth rate does not decrease at the same rate.

Between the 1960 and 1965 censuses, the population increased by a rate of 24.9 per thousand. As the estimated rate for this period was 27.9 per thousand, the 24.9 per thousand rate is much lower than the birth rate of the previous five years. The estimates did not include the workers going abroad and this caused the difference between the actual and the estimated figures. When the definite results of the 1960 census are taken as a basis for calculation and the workers abroad are included in the calculations, the rate of increase for the period 1960 - 1965 is 26.1 per thousand.

A large proportion of the fertile female population during the period 1960 - 1965 was born in the period 1940 - 1945. This female population, which affects the births in the 1960 - 1965 period, is small because their parents belong to a small population group since they were born during the years of World War I and the War of Independence, when there was a fall in the birth rate. Therefore, the fall in the birth rate of the 1960 - 1965 period was directly related to the birth rate during World War I. This affected the size of the fertile female age group of the 1940 - 1945 period, resulting in the small size of the fertile female population of the 1960 - 1965 period. The effect of the present decrease will appear 20 - 25 years hence. When factors such as the low fertility level in the cities and the rapid progress of urbanisation are considered, it is seen that the fall in the rate of increase results, to a certain extent, from the decreased fertility.

The censuses are used as a source for calculation of birth rates since there are not sufficient birth and death statistics in Turkey. The approximate birth and death rates are given in Table 30.

TABLE 30 — Approximate Birth and Death Rates

(Per Thousand)

Years	Death Rate (1)	Birth Rate (2)
1935 - 1940	19.4	38.3
1940 - 1945	27.2	37.1
1945 - 1950	17.6	38.8
1950 - 1955	14.1	42.2
1955 - 1960	12.6	44.0

Source : State Planning Organisation

Demographic, social and economic factors play an important role in the changes in the birth rates. The level of the fertile female population effects the number of births. The general changes in the birth rate depend on the proportion of women in the 15 - 49 age group. When the rate of marriage of these women rises, the births increase in number. While eighty per cent of the fertile female population was married in 1960, this ratio was 75.5 per cent in 1965. The transition from agriculture to industry entails a decrease in the birth rate since the large number of children in a family was considered an economic support in the pre-industrial society. Child-women ratios, which are another indicator of fertility, prove this difference between the villages and the cities Child-women ratios are given in Table 31.

TABLE 31 — Child-Women Ratios

(Per Thousand)

Years	**Places With Population Over 10,000** (1)	**Places With Population Less than 10,000** (2)	**Average for Turkey** (3)
1955	565.8	812.0	758
1960	585.4	825.4	762
1965	553.3	790.9	718

Source : State Planning Organisation

Child-women ratios are decreasing with time, indicating the tendency of a decrease in fertility. As explained by the indicators above, this decrease in the result of the changes in the social structure and the changes in the economic importance attributed to children in the family. On the other hand, economic and social development has a faster effect on the reduction of death rates.

Infant mortality is high in Turkey because of poor care and contagious disease. Even in the provincial centres, 30 per cent of the deaths are of children less than 1 year old.

Although there is no definite figure for the deaths of children less than one year old, studies indicate that this figure is between 120 - 150 per thousand.

The reduction in infant mortality is connected with reduction of the overall death rate and longer life expectancy. The increases in life expectancy are given in Table 32.

TABLE 32 — Average Life Expectancy at Birth (1935 - 1965)

Periods	Male (1)	Female (2)	Both (3)
1935 - 1940	42.3	47.3	44.9
1940 - 1945	33.5	35.6	34.5
1945 - 1950	42.2	50.4	46.3
1950 - 1955	50.7	54.8	52.7
1955 - 1960	53.7	56.6	55.7
1960 - 1965	56.1	59.2	57.6

Source : State Planning Organisation

(1) According to another estimate which accepts a higher infant mortality, these figures are 51.8 for males and 53.4 for females.

3. DEVELOPMENT OF THE TURKISH POPULATION

When estimates for the First Five-Year Plan were made, careful consideration was given to factors like the effects of the workers abroad on the population, the fertile female population and the fact that the exact results of the 1960 census would not be ready in time to be utilised. With these considerations and the available information, it is clear that the level of fertility for the 1960 - 1965 period should not be included in estimates made for the future. The birth rate adjusted as to age and sex and used in the above mentioned estimates was 440.6 per thousand for the 1960 - 1965 period. However, based on the definite results of the 1960 census and on 1965 sampling results, this figure has been calculated as 41.3 per thousand. Therefore, in the new projections a high fertility rate has been used for all periods. In medium and low fertility projections, the high fertility rate has been decreased by 5 per cent and 10 per cent, respectively, for each five-year period beginning from 1965.

It is not necessary to make a change in the factors used for the calculation of death rates. Part of the workers that went to foreign countries in the 1960 - 1965 period are expected to return. But it is assumed that workers will continue going abroad, though at a slower rate. A fall in the fertility level is expected in the long run because of social and economic factors which are caused by the rapid social change, urbanisation tendencies and family planning. Therefore, estimates used in the Second Plan are based on the assumption of medium fertility.

TABLE 33 — Estimates of the Development of the Turkish Population (1965 - 1985)

(Per Thousand)

Population	1965 (1)	1967 (2)	1970 (3)	1972 (4)	1975 (5)	1980 (6)	1985 (7)
High Fertility (1)	31,391	33,091	35,803	37,801	41,005	47,402	55,292
Medium Fertility	31,391	32,984	35,528	37,409	40,420	45,767	52,010
Low Fertility	31,391	32,888	35,285	36,858	39,375	43,874	48,837
Rate of Increase :							
High Fertility	26.6		27.5		29.4	31.3	
Medium Fertility	25.1		26.1		25.2	25.9	
Low Fertility	23.5		22.2		21.9	21.7	
Approximate Birth Rate:							
High Fertility	35.5		35.9		36.7	37.5	
Medium Fertility	34.8		34.5		32.4	32.2	
Low Fertility	33.4		30.5		29.2	28.2	
Approximate Death Rate:							
High Fertility	9.9		8.4		7.3	6.2	
Medium Fertility	9.7		8.4		7.2	6.3	
Low Fertility	9.9		8.3		7.3	6.5	

Source : State Planning Organisation

(1) According to another study, at this rate of fertility the population will be 31, 391; 32, 894; 36, 034; 37, 927; 41, 891; 49, 285; 58, 568, respectively, by the indicated years.

TABLE 34 — Estimates of the Age Composition of Turkey

(Per Thousand)

	1965 (1)	(%) (2)	1970 (3)	(%) (4)	1975 (5)	(%) (6)	1980 (7)	(%) (8)	1985 (9)	(%) (10)
0 — 14										
High Fertility	13,337	42.5	14,966	41.8	16,772	40.8	19,438	41.0	23,118	41.8
Medium Fertility	13,337	42.5	14,691	41.4	16,137	39.9	17,803	38.9	20,102	38.7
Low Fertility	13,337	42.5	14,448	40.9	15,092	38.3	15,910	36.3	17,165	35.2
15 — 64										
High Fertility	16,787	53.5	19,249	53.8	22,404	54.6	25,787	54.4	29,957	54.2
Medium Fertility	16,787	53.5	19,249	54.1	22,404	55.4	25,787	56.3	29,691	57.1
Low Fertility	16,787	53.5	19,249	54.6	22,404	56.9	25,787	58.8	29,445	60.3
65 and Over										
High Fertility	1,267	4.0	1,589	4.4	1,879	4.6	2,177	4.6	2,217	4.0
Medium Fertility	1,267	4.0	1,589	4.5	1,879	4.7	2,177	4.8	2,217	4.2
Low Fertility	1,267	4.0	1,589	4.5	1,879	4.8	2,177	4.9	2,217	4.5

Source : State Planning Organisation

According to the assumption of high, medium and low fertility, the ratio of births and deaths to the total population up to the year 1985 is shown in Table 33. Age composition is shown in Table 34 and the changes in the dependency ratio, which shows the decrease in fertility, is indicated in Table 35.

TABLE 35 — Estimates of the Changes in Dependency Ratio (1965 - 1985)
(Percentage)

	1965 (1) (1)	1970 (2)	1975 (3)	1980 (4)	1985 (5)
High Fertility	85	86	83	84	85
Medium Fertility	85	85	80	77	75
Low Fertility	85	83	76	70	66

Source : State Planning Organisation

b. CHARACTERISTICS OF THE SOCIAL STRUCTURE

Economic and social development implies positive changes in the social structure. The Turkish Nation has adopted economic and social development within a Constitutional framework as its objective, thus indicating its desire to change and modernise its social structure. The goal is to reach the highest level of contemporary civilisation and to establish an order based on knowledge and rationality by eliminating the past framework which depended only on tradition and customs. The Turkish Nation is determined to modernise its social structure inherited from the past without losing its individuality, by reconciling its value judgements and behaviour with the level of contemporary civilisation.

Turkey, with its villages and agriculture, its cities and industry, is developing more rapidly each successive year. The development of the villages and cities is dictated by their structural characteristics and their development and growth rate is consequently different. As a result of these differences, rapid population movements have occurred in Turkey since World War II and continue to occur. The urbanisation and the industrialisation movements that develop in the same direction indicate that the social structure is rapidly changing. From this point of view, urbanisation can be considered a positive movement for Turkey. While the ratio of the population living in cities of more than 10,000 people was 18.5 per cent in 1945, this figure increased to 22.1 per cent in 1955 and to 29.9 per cent in 1965.

The two most important problems in the first phase of urbanisation are supplying jobs and dwellings for those who migrate to the city. During this period gecekondu (squatter houses) come into the picture. They are the best solution for dwelling needs under the present conditions since the squatters preserve certain aspects of rural life in the urban environment through some characteristics of living and behavior. The continuing rural behavior in the new population appears in various fields from labour mobility to the type of nutrition. The interaction with urban life changes the propensity to consume and the main problem is the degree of security to be provided by the new way of life. Although the new conditions are harder, it is understood that the newcomers to the city are happier in comparison with their former lives. The rural population expects to have better living conditions and a higher level of welfare in the cities and believes that the city will provide the new generations with better opportunities in life. Therefore, the rural population tends to prefer urban to rural life. The increasing tendency towards smaller families in rural areas is intensified by the migration to cities.

The economic and social indicators underline developments in the social structure. The most important economic development indicator is the increase in GNP. At constant prices, GNP rose to TL 79 billion in 1966 from TL 62 billion in 1962. Though it could not rise by the same rate each year, the increase for the five year period averaged 28.6 per cent. Per capita income also showed a continuous increase. From TL 1,181 in 1950, it increased to TL 1,539 in 1960 and to TL 1,788 in 1966. Calculations are based on 1961 factor prices. According to the results of a preliminary investigation carried out in 1963, 20 per cent of the families which made up the lowest income group had a share of 4.5 per cent of the national income, while the highest 20 per cent had a share of 57 per cent. Thus, in 1963, annual income per family was approximately TL 2,500 for the former and TL 31,900 for the latter group. This situation is the reason for the policies to improve the distribution of income in the period covered by the Second Plan.

Per capita income does not increase at the same rate as GNP because of the rapid increase in population. At 1961 factor prices, GNP increased by 132 per cent in the 1950 - 1966 period, but per capita income rose by only 51.3 per cent during the same period. The population of Turkey rose to 31,390,000 in 1965 from 17,890,000 in 1945. This rapid increase in population has also affected the percentage of the economically active population. While this ratio was 57 per cent in 1955, it fell to 54 per cent in 1965.

Another economic indicator of development is the growth in the components of GNP. For example, the share of agricultural production in GNP fell from 35 per cent in 1963 to 30.8 per cent in 1966 while, conversely, the share of industrial income increased from 15 per cent to 16.5 per cent.

The close relationship between the agricultural and industrial sectors from the economic point of view and the necessity of approaching the problems of villages and cities as a whole from the social point of view, imposes that the agricultural sector should be given priority within development oriented toward industrialisation. The land under cultivation in the agricultural sector rose from 12,700,000 hectares in 1945 to 21,000,000 hectares in 1955 and to 23,840,000 in 1965. It is thus clear that all the arable land is almost fully cultivated and that a shift to intensive agriculture is necessary. On the other hand, the potential for development may be observed in the increase in use of technology in agriculture, the increase in the variety of products, the utilisation of modern agricultural inputs and in the desire and efforts of the society to achieve modernisation in agriculture.

The realisation of the above mentioned development depends largely on the extent of land ownership and the solution of problems raised by land-labour relations.

The increase of the area devoted to the growing of cash crops from 537,000 hectares in 1945 to 1,536,000 hectares in 1965 and of the land set aside for vineyards, orchards and vegetable gardens from 1,666,000 hectares to 2,305,000 hectares in the 1952 - 1965 period, clearly indicates the growing tendency of the villages to abandon the pattern of closed self-sufficient economic and social units and to become entities geared to production for domestic and foreign markets and to establish the necessary social and economic relations with these markets.

The development of relationships between villagers and foreign and domestic markets requires the reduction of intermediaries between the producer and the market. The success of modern establishments in providing direct links between production and consumption units is considered necessary for development.

Turkish agriculture is becoming modernised. The number of tractors has risen from 1,100 in 1945 to 57,700 in 1961. During the same period, the land cultivated with tractors increased from 87,000 hectares to 4,100,000 hectares. While in 1952, an average of 0.14 kg. of chemical fertilizer was being used per hectare, in 1965 this average was 8.6 kg. By 1966, irrigated land had reached 1,500,000 hectares.

Adverse social attitudes rising during the increase of production can be avoided if the modernisation of agriculture can satisfy the desire of people for development and change. This is possible by providing small enterprises with direct utilisation of modern agricultural inputs, credit and other supports of the State. The formation and continuity of the value judgements that push growth will be positively effected when people who wish to develop see that their expectations can become reality quickly.

Parallel to this economic development, the increase in the services made available to the villages is a very important factor in social development. Transportation facilities have been broadened by additional highways and village roads. A 153 per cent increase has been recorded in the length of standard surfaced village roads during 1960 - 1966. In the same period, the number of villages provided with drinking water has increased by 55 per cent and the number of villages provided with electricity has increased by 273 per cent.

In addition to these achievements, however, differences between the development conditions of various regions remain. Although signs of development can be seen in all regions, the problem is intensified by the fact that the savings and qualified labour resources of underdeveloped regions move to the developed areas.

Modernisation is indicated by the changes occurring in the components of the labour force. While the ratio of employees in the industrial sector in the 15 - 64 age group was 7.3 per cent in 1955, this ratio reached 8.7 per cent in 1965. The ratio for the services sector increased to 10 per cent in 1965 from 7.5 per cent in 1955. These indicators point out the mobility of the structure of the labour force and that it is rapidly changing towards modernisation.

The modernisation effort in industry is proved by the emergence of new branches in the industrial field such as electronics and petrochemistry, the increase in technical manpower that is employed in these branches and the differentiation of vocations. The variety of vocations increases as a consequence of industrialisation and urbanisation and manpower acquires a more modern structure with a tendency to become more specialised as a result of the attraction of wages and both vertical and horizontal mobility. In the city the tendency toward liberal occupations increases as a result of the changes in traditional value judgements. Parallel to modernisation in the agricultural sector, the emergence of new vocations in the rural field is another indicator of economic development. Certain occupations such as that of agricultural transportation vehicle mechanic have emerged, while others have become more wide-spread.

The increase in seasonal migration movements before urbanisation is caused by the following factors : Disguised unemployment in the agricultural sector and the desire of the people to utilise their time efficiently; the development of modern communication means; increased economic and social activities of the village and city; the desire of the villagers to raise living standards and the need for additional income brought about by this desire. The agricultural labour force is developing in the Çukurova and Agean regions in particular, and in large cities employment is developing in the sectors of construction and services.

Vocational and technical education has developed in conformity with the requirements of the economic and social structure and parallel to the above mentioned changes. The recorded increase in the number of students in the various levels of training were as follows during the last five years, 56 per cent in vocational training, 29 per cent in technical training and 30 per cent in training at universities and other institutes of higher education. The desire for education in the society is witnessed by the unsatisfied demand in spite of the additional capacity created.

Social indicators are as accurate as economic indicators in reflecting growth. In fact, the social and economic indicators are very closely related and mutually connected. It is difficult to measure development with exact figures in any field undergoing rapid modernisation. Here the important thing is to note the direction of the change. In the society, the philosophy of being satisfied with what is available is being replaced by modern concepts and modern value systems emphasising the materialistic concepts without altering the social order. The aspirations and the diversity of needs of the people have risen to higher levels. Apart from basic infrastructure there is increasing demand in the villages for electricity, education and consumer goods that have not yet been introduced to the village. As communication means increase in number, variety and speed, this has resulted in more frequent and closer interrelationships which, in turn, have led to the adoption of new consumption patterns in the cities. Based on this, demand for a much higher standard of welfare than that so far achieved is being formed and is considered a normal requirement by the Turkish people each successive day.

Certain concepts which played an important role in the social structure for centuries and which were obstacles to development are losing their power in the process of modernisation. Good examples of this are the health programmes applied in the villages and the tendency of people to behave in a more rational fashion with regard to health. Thus, it is clear that, with respect to modernisation, the social structure still has a dual value system. In Turkey, where economic and social development is accelerating, this dual value system tends to weigh in favour of development. This tendency is conspicious in the city and the trend is also towards modernisation and change in the village. Results of a study show that the great majority of the villagers have expressed the desire to be the first to adopt a change and to lead the way in modernisation. The important thing is to provide the means for taking part in the realisation of these changes and to supply the services and the support of the State directly to the individual.

The fact that the great majority of villagers understand and demand that the education to be given to the new generations should consist primarily of vocational and cultural education, points out the role and importance of education in the process of modernisation and is, moreover, an indicator of this modernisation. The interest in education appears also in the rapid increase in the level of literacy. This level rose from 34 per cent in 1950 to 48 per cent in 1965. Between 1960 - 1966 there was a 42 per cent increase in the total number of students in primary education and 45 per cent in the villages. The number of villages having schools increased by 24 per cent during 1960 - 1966.

It has been understood in the villages that a high school or university education is a prerequisite for success in life and villagers are beginning to demand this level of education. However, secondary education is carried out under difficult conditions and universities cannot satisfy the need because of excess demand in the cities.

Village children should be provided with the means of social mobility by the use of scholarships according to the principle of equality of opportunity. This would satisfy the increasing demand of villagers for education and is essential to meet their rising aspirations, thus improving the productivity of individuals by providing them with a more hopeful and optimistic outlook for the future.

Research indicates that literate people can be of more use to their environment since they are more inclined to modernisation and change. Generally the mobility of these people is high in their environment, their interaction with the city is increasing and their desire for the city and modernisation is rising. Research shows that the progress of the literate population towards modernisation is reflected in their desire to attain a higher standard of living, a higher social standing, to have smaller families and to use the means of communication increasingly and with positive understanding.

Modern communication media are increasing and spreading throughout all regions. The number of daily newspapers published has increased from 75 in 1945 to 380 in 1966. The total number of periodicals published in Turkey has increased from 150 in 1945 to 950 in 1966. About half of the Turkish villages receive newspapers at least once a week. The number of radios has increased from 101,000 in 1946 to 2,590,000 in 1966. There were eight radios per 100 people in Turkey in 1966, perhaps more, and ten or more in the villages where more than half of the rural population lives. The attitudes towards communication media are positive and the rate of utilitisation is higher in the villages close to cities or in those with large populations. This situation, in which the utilisation of mass communication media is high, plays an accelerating role in modernisation and development activities.

When the society has a voice in the satisfaction of its needs, this becomes another indicator and factor of social change. Positive achievements in this field during the last 15 year period are, particularly, the increasing influence of villages on political affairs and the growth of their political personalities, the tackling of village needs at the national level and the interest of society in the social problems of villages.

Studies have shown that drinking water, roads and schools are the priority needs in the villages. However, overcoming poverty is the main factor in raising the standard of living and solving development problems. Cooperation with the State yields positive results when the necessary conditions are provided. The villager has the concept of cooperation and the emergence of this concept can be considered as an indicator of modernisation. The traditional assistance methods which were used in the villages to handle their problems and the self-sufficiency of that society are losing their former importance. Today village groups are in a position to ask the replacement of these methods by services of the State. In addition, there is an increase in the number of organisations which have been assigned specific goals.

In the cities, voluntary establishments are increasing in number and vocational groups are acquiring importance in conformity with the characteristics of a modern industrial society. The labour organisations, which increase and gain power parallel to industrialisation, are the most important of such vocational groups. In 1966, 500,000 wage earners were members of various labour unions. The impact of strikes, lock-outs and collective bargaining have added to the importance and the power of labour organisations in society. At the same time, those who benefited from social security programmes increased by a rate of 44 per cent. As the aspirations of the Turkish people rise, the establishment of organisations required for modernisation is necessary to accelerate modernisation and to reach its objectives.

It is important to meet the rapidly increasing desires of the people without creating dissatisfaction stemming from a delay in rapidly attaining the expected level of welfare. Such problems appear in Turkey, together with the unavoidable side effects of the changes and modernisation. Their solution lies in the acceleration of development.

The desire of the people to attain a higher standard of living and social welfare and to achieve these standards as quickly as possible, has induced the people, who tend to place moral and physical factors on the same plane and to consider them as a whole, to make the necessary selection and to give priority to the attainment of better material conditions. This priority is significant in the context of activities such as production for the market, the shift to the growth of cash crops, search for additional sources of income, seasonal migration and accelerated industrialisation. When the above mentioned activities are considered together with the rising level of education and the increase and the spread of modern communication and transportation media, it can be seen that the people have expanded their economic and social transactions to a wider environment and, as a result, have initiated the urbanisation movement. The rural and urban groups interact with developing environments that have wider limits as compared to the structure of these groups. The elements causing this interaction and the desire to reach a higher income unite in the urbanisation stage of the modernisation period. When the accelerated social and economic developments are available for the benefit of the people, in conformity with the principle of social justice they become a prod for modernisation. When there are fluctuations in development and when there are groups who cannot utilise the public services and aid sufficiently, these groups will be limiting factors and obstacles for the change. The organisation of the agricultural sector with regard to production, credit and marketing with the State assuming a leading role in the organisation process, may contribute to a modernisation of the internal structure of this sector. This is a necessary step for development. At the same time, individuals should be provided with vertical social mobility and means of equality of opportunity in development, the rest being dependent on their individual ability and success.

In a growing economic and social structure, relationships between the people and the public administration should be developed through cooperation and reciprocal understanding. In the meantime, strong emphasis should be placed on establishing a social security system for the whole society. The propelling force for this system is the desire of the people for the guarantee of a secure future.

Negative effects on development are caused by the limiting effects of social conditions on entrepreneurs, the orientation of those who can contribute to development towards fields contrary to the national and economic targets and the adoption of the principle of conspicuous consumption.

When the whole society is involved in the effort of development, within the above mentioned concept, the importance of the policies to eliminate the discrepancies between regions is more clearly seen.

The Second Plan is initiating various policies to push the development potential explained above in a positive direction and to eliminate the limitating factors for the rapid and balanced development of the Turkish society whose economic and social values and attitudes are rapidly changing.

SECTION IV

ECONOMIC OBJECTIVES AND GENERAL ECONOMIC EQUILIBRIUM OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

1. METHODOLOGY

To give guidance in choosing various targets of the Second Five-Year Development Plan and to determine the policy instruments to achieve these targets in a consistent way, methodology consisting of three different but interrelated stages has been used. Analyses related to macro-magnitudes, detailed studies on the various sectors of the economy and results obtained from these studies, including project evaluations, were later brought together and the Plan targets were determined in a consistent way and in compliance with the general principles and objectives.

In the first stage, general objectives of the Second Plan and other macro-magnitudes of the economy were analysed within the framework of a macro-model. In this stage, total resources and expenditures, public sector expenditures and revenues, development targets for the basic sectors of the economy, and investments as well as domestic savings required for the attainment of these targets were, in particular, analysed according to the target rate of growth and the volume of foreign savings.

Macro-analyses conducted on the basis of the first provisional statistics were revised and coupled with sectoral objectives in the light of new and more dependable statistical data obtained during the final stage of the Plan studies and particularly at the end of more detailed sector studies.

Macro-objectives were put into final form only after the completion of sector studies carried out on the basis of coefficients used in the macro-model. Detailed sector studies were concentrated on determining critical magnitudes such as demand, output, value added, imports and exports, in particular. Sector studies and consistency between various sectors were carried out and realised within the framework of an input-output model based on an input-output table covering 37 sectors. Preparation of the model constituted the most important portion of the Plan studies. More detailed information on this subject is furnished under the section "General Review of Sector Programmes."

The preparation of projects related to production and investment targets established in various phases explained briefly above, was realised through investment surveys made for the public and private sectors by the use of a questionnaire and through studies carried out on project determination. Public sector projects, in particular, were subjected to individual project evaluations and the projects selected were coupled with those already initiated but not completed during the First Plan period. After this exercise and in the light of private sector investment surveys made by the use of a questionnaire, public and private sector investments for each sector of the economy were determined individually.

2. GENERAL DEVELOPMENT TARGETS

a. RATE OF GROWTH

The basic economic target of the Second Plan is to secure an overall increase in GNP of around 40.3 per cent during the period 1967 - 1972.

The justification of the growth rate established as a target for the Second Plan period can, in general terms, be summarised as follows:

1. During the period 1962 - 1966, an average growth rate of 6.5 per cent per annum was achieved, despite the difficulties faced due to the initial years of implementation of a planned development. This achievement indicates that the average growth rate of 7 per cent per annum established as a target for the Second Plan period, is not an unattainable one.

2. The growth rate of 7 per cent established as a target for the Second Plan period is considered to be an attainable target mainly because of the fact that the Turkish economy has the potential and possibility to mobilise its widespread and diverse resources to sustain this growth rate.

3. The growth rate established as a target is a minimum requirement to raise, in the long run, the standard of living of the Turkish nation to a level compatible with human dignity. This target is at a sufficiently high level to close, with time, the great income gaps between Turkey and the advanced countries.

4. The 7 per cent growth rate will ensure a strong position for Turkey in international affairs and strengthen its position among the rapidly developing countries of the world.

5. The growth rate established as a target, on the other hand, will not impose an unbearable burden on the Turkish nation. The volume of savings required to achieve the growth rate foreseen in the Second Plan will not cause a fall in the standard of living of the people but, on the contrary, per capita consumption is expected to rise at an average rate of 2.5 per cent per annum.

b. REDUCING ECONOMIC DEPENDENCE ON FOREIGN RESOURCES

The Second Plan aims at reducing economic dependence on foreign resources. To achieve this objective, the share of foreign savings in GNP will be reduced from 2 per cent in 1967, to 1.7 per cent in 1972..The share in GNP of foreign aid required to be obtained in the form of development credits will also be reduced from 2.4 per cent to 1.7 per cent, excluding that part of the credit needed to increase foreign exchange reserves during the same period.

During the period 1968 - 1972, while making efforts to achieve these two targets, emphasis will be placed on protecting the stability in the general level of prices and on avoiding the creation of inflationary and deflationary tendencies in the economy.

In addition, as basic principles, the Second Plan calls for an expansion in the industrial sector towards making it the leading sector of the economy as well as a reduction in the dependence of agriculture on weather conditions through the development strategy to be implemented, while at the same time trying to increase GNP by an average rate of 7 per cent per annum.

3. DEVELOPMENTS IN GNP AND STRUCTURAL CHANGES

As a result of the growth rate established as a target, GNP, which has been estimated to amount to TL 85.1 billion in 1967 at 1965 prices, will rise by 40.3 per cent in five years and reach TL 119.4 billion in 1972. Thus, GNP will register an increase of TL 34.3 billion over the period 1967 - 1972. Per capita income, on the other hand, will increase by an average rate of 4.4 per cent per annum or by 24.8 per cent in five years, from TL 2,580 in 1967 to TL 3,200 in 1972.

Table 36 indicates GNP in real terms during 1967 and 1972. The table also shows the net domestic income at factor cost and the share of this income in GNP. GNP and sectoral developments are indicated in Table 144 under the section dealing with sector programmes. There is, however, an important difference between the two tables. Value added targets indicated in Table 144 have been calculated on a gross basis at "market prices." In other words, these magnitudes include indirect taxes and depreciations.

Conversely, Table 36 has been prepared by deducting the indirect taxes and depreciation to accrue during the Second Plan period from the gross value added at market prices indicated in Table 144. Differences between the sectoral growth rates shown in the two tables result from the different methods of calculation. Table 36 has been introduced in addition to Table 144 because the figures in the latter table are not suitable for comparison with the realisations achieved during the previous years. National income series available up to this date have been prepared on the basis of net domestic income by sectors at factor cost.

Table 36 indicates that an increase of 7 per cent per annum in GNP requires a rise of 4.1 per cent in the net domestic income at factor cost in agriculture, 12.0 per cent in industry, 7.2 per cent in the construction sector, 7.2 per cent in the transportation sector, 5.9 per cent in housing and 6.0 per cent in the other sectors.

Thus, the Second Plan foresees significant structural changes in addition to rapid economic development. During the Second Plan period the industrial sector will be the fastest growing sector of the economy and its share in GNP will increase from 16.3 per cent in 1967 to 20.5 per cent in 1972. The non-industrial sectors, on the other hand, will be increasing at a rate of 5.4 per cent per annum and their share in GNP will decrease from 83.7 per cent in 1967 to 79.5 per cent in 1972. Thus, the share in GNP of the sectors, particularly that of the agricultural sector which will grow at a lower rate compared to the industrial sector, will register a decline and consequently it will be possible to attain faster and more stable development in the long run.

Attainment of the growth rate of 4.1 per cent established as a target for the agricultural sector is considered necessary in order to be able to meet, through domestic production and without causing inflation, the demand for food which is constantly rising due to the increases in population and income, to avoid the necessity of importing agricultural products from abroad, to reduce the pressure on the balance of payments, to raise the standard of living of the agricultural population and to ensure the transfer of funds from the agricultural sector to non-agricultural sectors.

TABLE 36 — Net Domestic Income and GNP, at Factor Cost, 1967 - 1972 (Billion TL) (At 1965 Prices)

Sectors	Billion TL			Annual Average	Percentage of GNP	
	1967	1972	Index	Increase (%)	1967	1972
	(1)	(2)	(3)	(4)	(5)	(6)
Agriculture	25.3	30.9	122.1	4.1	29.7	25.9
Industry	13.9	24.5	176.3	12.0	16.3	20.5
Transportation	5.0	7.1	142.0	7.2	5.9	5.9
Construction	4.3	6.1	142.0	7.2	5.0	5.1
Housing	2.7	3.6	133.3	5.9	3.2	3.0
Others	20.3	27.2	134.0	6.0	23.9	22.9
Domestic Income (At Factor Cost)	71.5	99.4	139.0	6.8	84.0	83.3
GNP	85.1	119.4	140.3	7.0		

4. GENERAL EQUILIBRIUM OF THE ECONOMY

During the Second Plan period, total resources of the economy will be composed of GNP and foreign savings. In the course of the five-year period, GNP will register an increase of 40.3 per cent and rise from TL 85.1 billion in 1967 to TL 119.4 billion in 1972. However, the deficit in the balance of payments, on the one hand, and the inadequacy of domestic savings to ensure the realisation of the established growth rate, on the other, will necessitate the transfer of resources from abroad in the form of foreign savings. Thus, although the ratio of foreign savings to GNP will register a decline, in absolute figures foreign savings will rise from TL 1.7 billion in 1967 to TL 2 billion in 1972 and, consequently, total resources totaling TL 86.8 billion at the beginning of the Second Plan period will rise to TL 121.4 billion in 1972.

TABLE 37 — Resources and Expenditures

(Billion TL) (At 1965 Prices)

	1967	1968	1969	1970	1971	1972	Percentage Increase	
							In 5 Years	Annual
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. Total Resources	86.8	92.9	99.4	106.4	113.6	121.4	39.9	7.0
1. GNP	85.1	91.1	97.4	104.3	111.6	119.4	40.3	7.0
2. External Savings	1.7	1.8	2.0	2.1	2.0	2.0	17.6	3.3
B. Total Expenditure	86.8	92.9	99.4	106.4	113.6	121.4	39.9	7.0
1. Investment Expenditure	16.9	18.8	21.0	23.6	26.6	29.0	71.6	11.4
a) Fixed Capital Investment	16.1	17.5	19.6	22.1	25.0	27.3	69.6	11.2
Private Investment	7.4	8.1	9.3	10.5	11.7	13.3	79.7	12.5
Public Investment	8.7	9.4	10.3	11.6	13.3	14.0	60.9	10.0
b) Stock Change	0.8	1.3	1.4	1.5	1.6	1.7	112.5	16.3
2. Consumption Expenditure	69.9	74.1	78.4	82.8	87.0	92.4	32.2	5.8
a) Private Consumption	57.9	61.1	64.5	67.8	70.4	74.1	28.0	5.1
b) Public Consumption	12.0	13.0	13.9	15.0	16.6	18.3	52.5	8.8

Expenditure targets of domestic and foreign resources, established in compliance with economic and social objectives and in conformity with the economic data, are indicated in Table 37.

The equilibrium established between resources and expenditures is of a physical nature and will be achieved on the realisation of usable goods and services at the target levels, and on the realisation of Plan targets set forth with regard to the distribution and volume of expenditures. Realisation of this equilibrium at the desired level and composition is considered the principal condition for economic stability.

a. INVESTMENT EXPENDITURES

To attain the growth rate set forth for the Second Plan period, the total volume of investments will be increased from TL 16.9 billion in 1967 to TL 29.0 billion in 1972 to establish the economic structure needed for the long-run development of the economy on the basis of its own resources and to continue in the implementation of the principles of social justice. In order to achieve this target, an average increase of 11.4 per cent per annum for investments has been set forth in the Plan. But, considering the special characteristics of each individual year, the volume of investments has been established on an annual basis.

Out of total investment, 46.7 per cent in 1967 and 49.3 per cent in 1972 are expected to be made by the private sector. In determining the investments to be made by the private sector, the results of the First Plan implementation, the financing capabilities of the private sector, the principles and rules of a mixed economy and the technological characteristics and sectoral distribution of the investments to be made during the Plan period have been taken into consideration.

Distribution of the total investment between the public and private sectors is not of an imperative nature. The total volume of investments and their sectoral distribution bear a significant importance for economic development in the long run. Should voluntary savings rise above expectations, public sector investments will be reduced. Conversely, should voluntary savings follow an opposite trend it will be necessary to increase public sector investments above the level foreseen in the Plan. However, realisation of public sector investment targets at the levels foreseen in the Plan constitutes the most important condition for the successful implementation of the Plan, which is imperative for the public sector.

In the Second Plan, unlike the First Plan, changes in stocks have been taken up separately and calculated on the basis of increases in the industrial and agricultural output. It has also been considered necessary to show the changes in stocks within the investment expenditures in order to be able to follow up clearly the developments in private consumption expenditures.

The relative share of investment expenditures in GNP will rise from 19.9 per cent in 1967 to 24.3 per cent in 1972. The distribution of investments between the public and private sectors, as well as between fixed investments and changes in stocks, were explained in the section dealing with investment savings equilibrium.

b. CONSUMPTION EXPENDITURES

Consumption expenditures, which corresponded to 82.1 per cent of GNP in 1967, will fall to 77.4 per cent in 1972. To achieve the targets set forth in the Plan, it is necessary to keep the increases in public and private consumption expenditures within the limits of Plan targets and an average increase of 5.8 per cent in five years has been established as a target for total consumption expenditures. It is estimated that public consumption, including transfers other than income made to the private sector, will rise by an average rate of 8.8 per cent per annum and that its relative share in GNP will increase from 14.1 per cent in 1967 to 15.3 per cent in 1972.

Parallel to the principle of increasing investments and savings rapidly, an average increase of 5.1 per cent in private consumption during the Second Plan period has been taken as a target. Thus, the relative share of private consumption expenditures in GNP is expected to fall from 68.0 per cent in 1967 to 62.1 per cent in 1972.

Although the relative share of private consumption expenditures in GNP is expected to register a decline in the course of time, per capita private consumption which serves as an indicator for the standard of living of the community is expected to rise by approximately 2.5 per cent per annum on the average. This is due to the fact that private consumption expenditures will increase by 5.1 per cent per annum while the annual increase in population is estimated to amount to 2.6 per cent. Thus, per capita private consumption will increase from TL 1,755 in 1967 to TL 1,980 in 1972.

It should also be kept in mind that aside from the increase in private consumption, public current expenditures for development in the fields of health and education, in particular, have a favourable effect on the standard of living of individuals. Furthermore, as a result of the policy to be followed to ensure a more equitable per capita distribution of income during the Second Plan period, consumption expenditures of the low income groups will register an above average increase.

The distribution of total private consumption according to the principal sectors is indicated in Table 38. During the Second Plan period, a relative change in the structure of private consumption is expected. The Plan foresees, however, a general increase in the absolute volume of expenditures according to the principal commodity groups or sectors. Structural changes as to principal commodity groups may be summarised as follows :

The relative share of the private consumption of the agricultural sector in total private consumption will fall from 27.8 per cent in 1967 to 26.0 per cent in 1972. Expenditures under the food products group, on the other hand, are expected to rise both in absolute and percentage terms. The relative share of this group in total consumption will rise from 20.4 per cent in 1967 to 21.5 per cent in 1972. This development conforms to the tendency of individuals to shift their consumption expenditures from unprocessed agricultural products to processed food products, parallel to the growth attained in the economy.

TABLE 38 — Private Consumption Expenditures in the Second Plan Period

(Million TL)
(At 1965 Prices)

Sectors	1967 Absolute Value (1)	1967 % of Total (2)	1972 Absolute Value (3)	1972 % of Total (4)
1. Agricultural Food Products	16.1	27.8	19.3	26.0
2. Fuels	0.5	0.9	0.6	0.8
3. Processed Food Products, Beverages and Tobacco	11.8	20.4	15.9	21.5
4. Textiles and Clothing	4.5	7.8	5.2	7.0
5. Other Industrial Products	5.5	9.5	7.9	10.7
6. Electricity	0.2	0.3	0.4	0.5
7. Services	19.3	33.0	24.8	33.5
TOTAL	**57.9**	**100.0**	**74.1**	**100.0**

5. INVESTMENT-SAVINGS EQUILIBRIUM

In order to attain an increase of TL 34.3 billion in GNP during the Second Plan period, it will be necessary to invest TL 111.5 billion in fixed capital in five years on the basis of a capital output coefficent which has been calculated to be 3.25, excluding stocks. During the same period, increases in stocks are expected to amount to TL 7.5 billion. Therefore, total investments will reach TL 119.0 billion.

The realisation of the growth rate established as a target for the Second Plan period and the protection of the general stability of the economy, necessitate the financing of investments through actual savings.

Increases in voluntary savings during the Second Plan period were established by taking the previous trends into consideration and by assuming that the measures stipulated in the Plan for the encouragement of voluntary savings, such as the establishment of a capital market and the reorganisation of the banking and insurance systems, will be fully realised. Voluntary savings, which corresponded to 8.9 per cent of GNP in 1967, will thus register an increase of 55.3 per cent in five years, or an average increase of 9.2 per cent per annum, and their relative share in GNP will rise to 9.9 per cent in 1972.

Public savings have been calculated by taking into consideration the net total public revenue to be generated by the current revenue system and the public expenditure targets other than investments.

On the basis of the total amount of voluntary savings and of public savings to be realised without making additional effort, a constantly increasing savings gap may be expected in the economy. As shown in Table 39, a portion of this savings gap will be met through foreign savings. The balance of the gap will be met through efforts to increase public savings.

Relations between savings and GNP during the Second Plan period are indicated in Table 41.

Measures to meet the savings gap to come about during the Second Plan period are explained in general terms in the sections dealing with "Equilibrium of the Public Sector" and "Tax Policy."

TABLE 39 — Savings Gap

(Billion TL)
(At 1965 Prices)

	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
Total Investment	16.9	18.8	21.0	23.6	26.6	29.0
Domestic Savings	14.9	16.4	18.2	20.3	22.6	24.5
a) Voluntary Savings	7.6	8.4	9.3	10.1	10.8	11.8
b) Public Savings	7.3	8.0	8.9	10.2	11.8	12.7
Additional Savings Requirement	2.0	2.4	2.8	3.3	4.0	4.5
Requirement to be Met Through External Savings	1.7	1.8	2.0	2.1	2.0	2.0
Requirement to be Met Through Additional Domestic Savings	0.3	0.6	0.8	1.2	2.0	2.5

Thus, the relative share of total savings in GNP during the Second Plan period will be increased from 19.9 per cent in 1967 to 24.3 per cent in 1972, and attain an average level corresponding to 22.7 per cent of GNP over the five year period.

Because of the shortfall in domestic savings, particularly as a result of the deficit in the balance of payments, recourse to foreign savings will have to be continued. However, the rate of increase in foreign savings will be kept within the limit of 3.3 per cent, against an increase of 12.2 per cent per annum in domestic savings. The relative share of foreign savings in GNP will thus drop from 2 per cent in 1967 to 1.7 per cent in 1972. The ratio of domestic savings to GNP, on the other hand, will rise from 17.9 per cent to 22.6 per cent during the same period.

6. EQUILIBRIUM AND FINANCING OF THE PUBLIC SECTOR

Due to historical and traditional causes, the public sector in Turkey occupies a very significant place in the economy. Although the relative share of public investments in total investments is expected to fall from 53.3 per cent to 50.7 per cent in 1972, the important role of the public sector in the development of the economy will continue during the Second Plan period. In order to realise the activities explained in detail in the section on "Mixed Economy Policy", the relative share of public revenue in GNP will have to be increased from 27.4 per cent in 1967 to 31.3 per cent in 1972.

TABLE 40 — Investment Savings Equilibrium, 1967-1972

(Billion TL)
(At 1965 Prices)

Years	Fixed Capital Investment	Stock Increases	Total Investment	Domestic Savings	External Savings	Total Savings
	(1)	(2)	(3)	(4)	(5)	(6)
1967	16.1	0.8	16.9	15.2	1.7	16.9
1968	17.5	1.3	18.8	17.0	1.8	18.8
1969	19.6	1.4	21.0	19.0	2.0	21.0
1970	22.1	1.5	23.6	21.5	2.1	23.6
1971	25.0	1.6	26.6	24.6	2.0	26.6
1972	27.3	1.7	29.0	27.0	2.0	29.0
1968 - 1972 Total	111.5	7.5	119.0	109.1	9.9	119.0
			As Percentage of GNP			
1967	18.9	0.9	19.9	17.9	2.0	19.9
1968	19.2	1.4	20.6	18.6	2.0	20.6
1969	20.1	1.4	21.5	19.5	2.0	21.5
1970	21.2	1.4	22.6	20.6	2.0	22.6
1971	22.4	1.4	23.8	22.0	1.8	23.8
1972	22.9	1.4	24.3	22.6	1.7	24.3
Average	21.3	1.4	22.7	20.8	1.9	22.7
Average Annual Rate of Increase (%)	11.2	16.3	11.4	12.2	3.3	11.4

TABLE 41 — GNP-Savings

(Billion TL) (At 1965 Prices)

	1967	1968	1969	1970	1971	1972	5 Year	Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GNP	85.1	91.1	97.4	104.3	111.6	119.4	40.3	7.0
Disposable Income	65.5	69.5	73.8	77.9	81.2	85.9	31.1	5.6
Disposable Income/GNP	77.0	76.3	75.8	74.7	72.5	71.9	—	—
Private Domestic Savings	7.6	8.4	9.3	10.1	10.8	11.8	55.3	9.2
Private Domestic Savings/Disposable Income	11.6	12.1	12.6	13.0	13.3	13.7	—	—
Public Savings	7.6	8.6	9.7	11.4	13.5	15.2	100.0	14.9
Public Savings/GNP	8.9	9.4	10.0	10.9	12.4	12.7	—	—
Total Domestic Savings	15.2	17.0	19.0	21.5	24.6	27.0	77.6	12.2
Total Domestic Savings/GNP	17.9	18.7	19.5	20.6	22.0	22.6	—	—

a. PUBLIC EXPENDITURE TARGETS

Public expenditure targets of the Second Plan period, established in conformance with the general economic and social objectives, are indicated in Table 42. Public sector expenditures comprise investment expenditures, expenditures for current goods and services and income and capital transfers made by the public sector, through making use of the physical resources generated by the economy. The achievement of the physical expenditure targets depends upon the maintenance of price stability and the continuation of relative price equilibrium between investment and consumer goods.

1. INVESTMENT EXPENDITURES

The total volume, sectoral distribution and rate of growth of investments to be made by the public sector during the Second Plan period, have been established in conformance with the structural changes foreseen in the Plan. The volume of public investments established as a target in the Plan, also indicates the preference made between public consumption and private consumption as well as public consumption and investments. The distribution of public investments has been determined by taking into consideration structural changes, the composition of output and the inter-regional balance foreseen in the Second Plan.

The investing agencies within the public sector are the General and Annexed Budget Administrations, local administrations and organisations operating under Revolving Funds, and State Economic Enterprises. The Government will realise infrastructural investments, in particular, through appropriations made from the General and Annexed Budgets, while the investments of State Economic Enterprises and of organisations operating under Revolving Funds will be directed towards the production of goods and services. Local administrations, on the other hand, will make investments directed towards the quantitative and qualitative improvement of local services.

During the Second Plan period, public investments will continue to retain their importance in the development of the economy. These investments will register an average rate of increase of 10.3 per cent per annum and rise from TL 9 billion in 1967 to TL 14.7 billion in 1972. In the period under study, the relative share of public investment in total public expenditures will increase from 38.6 per cent to 39.3 per cent.

2. CURRENT EXPENDITURES

The public sector expenditure targets are indicated in Table 42. Achievement of the general development objectives depends upon the realisation of these expenditures.

These targets represent the maximum level of current expenditures to be made by the General and Annexed Budget administrations and the local administrations.

TABLE 42 — Public Expenditure Targets (1967 - 1972)

(Billion TL)
(At 1965 Prices)

	1967	1968	1969	1970	1971	1972	Annual Average Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Public Expenditure	23.3	25.4	27.6	30.6	34.4	37.4	9.9
2. Public Current Expenditure	10.9	11.9	12.9	14.0	15.2	16.4	8.5
3. Public Investment Expenditure	9.0	9.9	10.9	12.2	13.9	14.7	10.3
4. Transfer Expenditure	3.4	3.6	3.8	4.4	5.3	6.3	13.1
(As Percentage of GNP)							
1. Public Expenditure	27.4	27.9	28.3	29.3	30.8	31.3	
2. Public Current Expenditure	12.8	13.1	13.2	13.4	13.6	13.7	
3. Public Investment Expenditure	10.6	10.9	11.2	11.7	12.4	12.3	
4. Transfer Expenditure	4.0	3.9	3.9	4.2	4.7	5.3	

Since operating expenditures and other expenditures of a current nature of the organisations operating under Revolving Funds and of State Economic Enterprises are dealt with together and the resources created by these organisations are calculated on a net basis, their expenditures are not separately shown under current expenditures. The current expenditures of these organisations will be followed up carefully during the Plan period because of the effect of such expenditures on resources to be generated.

Public current expenditures were determined by taking the expenditures to be realised in 1967 as a base and by using, as a criterion, the expenditures required to be made in order to improve public services without hampering the general objectives of development.

During the Second Plan period, public current expenditures are expected to register an average increase of 8.5 per cent per annum and their relative share in GNP is estimated to rise from 12.8 per cent in 1967 to 13.7 per cent in 1972. In order to direct a larger part of public revenue into investment, current expenditures have had to be reduced as much as possible. Expenditures required in connection with the general rate of growth of the economy, and the increase in population and in social welfare, were all taken into consideration in establishing this target. However, considering the need of the State to provide effectively such services as security, education, health and justice, current expenditures could not be further reduced. The current expenditures foreseen in the Plan are at a level such as to provide only a partial improvement in these services. Current expenditures are broken down into "current expenditure for development", and "other current expenditure". Among the current expenditure for development, expenditure for agricultural extension services will be increased by 15 per cent, current expenditure for health and education required for the establishment and strengthening of the social infrastructure will be increased by 13 per cent and other current expenditures of developmental nature will be increased by 12 per cent during the Second Plan period. The balance of current expenditure is divided into "defence expenditure" and "other current expenditure". National defence infrastructure investments are included in current expenditure for defence in conformity with national accounting principles and the practice in other countries. Current expenditure of local administrations and other current expenditure will increase at a rate of 8 per cent.

3. TRANSFER EXPENDITURES

Transfer expenditures cover the transfers of the administrations under the General and Annexed Budgets only.

Transfer expenditures are made partly because of autonomous exigencies and partly because of legal requirements and comprise income and capital transfers, in particular.

Table 43 indicates transfer expenditures established as a target by taking into consideration the transfer expenditures realised in 1967, internal and external debt repayments including interest to become due during the Second Plan period, expropriation expenditures related to investments and other legally required payments.

TABLE 43 — Transfer Expenditure

(Billion TL)
(At 1965 Prices)

	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
1. Income Transfers	1.8	1.9	2.0	2.1	2.1	2.2
2. Capital Transfers	1.6	1.7	1.8	2.3	3.2	4.1
3. Total	3.4	3.6	3.8	4.4	5.3	6.3
(As Percentage of Total Expenditure)						
1. Income Transfers	7.7	7.5	7.2	6.9	6.1	5.9
2. Capital Transfers	6.9	6.7	6.5	7.5	9.3	10.9
3. Total	14.6	14.2	13.8	14.4	15.4	16.8

In order to increase the relative share of private sector investments in total investments to the rates foreseen in the Plan for the Second Plan period, transfers will have to be made to the private sector from 1970 onward. Net transfer resources to the private sector will amount to TL 400 million in 1970 and this figure will rise to TL 900 million in 1971 and TL 1.5 billion in 1972.

b. PUBLIC REVENUE TARGETS

The realisation of the expenditure targets foreseen in the Plan for the public sector depends upon the collection of a sufficient amount of revenue.

Public revenue targets for the Second Plan period, established on the basis of the current revenue system and tax legislation, are shown in Table 44.

The assumptions and facts taken into consideration in establishing the public revenue targets shown in the table are as follows, according to the various income brackets.

(1) Tax Revenue

This group covers only the tax revenue of the Consolidated Budget.

TABLE 44 — Public Revenue Targets

(Billion TL)
(At 1965 Prices)

	1967	1968	1969	1970	1971	1972	Average Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Tax Yield	14.9	15.8	17.3	18.9	20.7	22.8	9.0
Direct	4.5	4.5	5.0	5.5	6.1	6.7	8.3
Indirect	10.4	11.3	12.3	13.4	14.6	16.1	9.2
2. Revenue Other Than Taxes	1.3	1.3	1.3	1.4	1.4	1.5	2.8
3. Own Resources and Funds	4.2	5.0	5.3	6.1	7.3	7.7	12.9
4. Counterpart Funds	1.9	1.9	2.0	2.0	1.9	1.7	—
5. Savings Bonds	0.7	0.8	0.9	1.0	1.1	1.2	11.4
6. Total Revenue	23.0	24.8	26.8	29.4	32.4	34.9	8.7
			(As Percentage of GNP)				
1. Tax Yield	17.5	17.3	17.8	18.1	18.5	19.1	
Direct	5.3	4.9	5.1	5.3	5.5	5.6	
Indirect	12.2	12.4	12.6	12.8	13.1	13.5	
2. Revenue Other Than Taxes	1.5	1.4	1.3	1.3	1.2	1.3	
3. Own Resources and Funds	4.9	5.5	5.4	5.9	6.5	6.4	
4. Counterpart Funds	2.2	2.1	2.1	1.9	1.7	1.4	
5. Savings Bonds	0.8	0.9	0.9	0.9	1.0	1.0	
6. Total Revenue	27.0	27.2	27.5	28.1	29.0	29.2	

NOTE : The table shows the public revenue targets to be reached under the current system and legislation.

Distribution of taxes as to direct and indirect taxes is indicated in Table 44. The relative share of direct taxes in total tax revenue will drop from 30.2 per cent in 1967 to 29.3 per cent in 1972. One of the reasons causing this drop is the enforcement, as of 1968, of the law related to the minimum cost of living and lump sum income allowances, the application of which had been postponed in the past.

The main direct taxes are income tax and corporation tax. Revenue to be generated by these taxes has been estimated on the basis of actual realisations in the preceding period and of target GNP increases for the Second Plan period. Income tax revenue is expected to register a decline in 1968, parallel to the increases to be made in the minimum cost of living and lump sum income allowances. Revenue to be generated through other direct taxes has been estimated by taking the actual realisation in the preceding period and the characteristics of each tax into consideration. Revenue from direct taxes is expected to increase by an average rate of 8.3 per cent per annum.

In establishing revenue targets for indirect taxes, changes to take place in the magnitudes of each of these taxes during the Second Plan period have been taken into consideration. Among the indirect taxes, the most important are those related to imports. Revenue estimates were made on the basis of the total volume of imports foreseen in the Plan and by taking into consideration the special characteristics of each of these taxes. Revenue targets for taxes related to domestic output and domestic consumption were established on the basis of output and consumption magnitudes set forth as targets in the Plan. Taxes on services have also been estimated in the same manner. Revenue to be generated by other indirect taxes have been estimated by taking the actual realisation in the past and the special characteristics of each tax into consideration. Revenue to be generated by indirect taxes are expected to increase by an average rate of 9.2 per cent per annum.

In estimating the indirect taxes, i. e., the Monopoly Products Protection Tax, the Net Monopoly Proceeds and the Sugar Consumption Tax, it was assumed that the necessary improvements in the financial structures of the related organisations would be realised during the Plan period. The Production Tax on Liquid Fuel has been estimated by assuming that improvements related to customs, in particular, would be realised.

(2) Revenue Other than Taxes

Revenue other than taxes is comprised of the normal revenue of the General Budget from sources other than taxes, revenue generated by certain special funds and of the Annexed Budget revenue. Revenue estimates for the Second Plan period were carried out by taking into consideration the developments attained in the preceding period and the special features of the various types of revenue. Revenue under this group will register an average increase of 2.8 per cent per annum.

(3) Own Resources and Funds

This group of revenue covers the revenue resources of the local administrations, the revenue of the organisations operating under a Revolving Fund and the own resources and funds of State Economic Enterprises.

The revenue of the local administrations is estimated on the assumption that no changes will take place in the present system during the Second Plan period. With the exception of legal requirements, no capital is transferred to these administrations from the Consolidated Budget. In case a substantial increase takes place in their revenue, these administrations will be instructed to carry out certain additional public services.

The revenue of the organisations operating under a Revolving Fund consists only of the funds to be set aside for their investments.

In determining the volume of resources and funds to be created by State Economic Enterprises, changes to take place in the financial position of the operational enterprises, the effects of the new capacity to be created and the capacity and financial position of enterprises to be established, have been studied and the net funds to be created by the savings enterprises have been added to this revenue. Resources to be generated by State Economic Enterprises are expected to increase by an average rate of 19.3 per cent per annum and to rise from TL 1.9 billion in 1967 to TL 4.6 billion in 1972. This substantial increase has been estimated by taking into consideration the price adjustments made in 1967 and the changes to be made in the coverage of the social insurance system. In order to increase the resources and funds to be generated by State Economic Enterprises, particularly by the operational enterprises, and to increase their relative importance in public revenue and public savings, the activities of these organisations will have to be followed up closely during the Second Plan period.

(4) Counterpart Funds

Considering the special characteristics of the items comprising the capital movements under the balance of payments such as the foreign debt repayments of the public and private sectors, foreign capital inflow and imports without allocation of foreign exchange, the transfers to be made to the private sector out of foreign financing funds have been calculated and the balance of these funds has been set aside for the use of the public sector. As a result of improvements to be attained in the balance of payments, a decline is expected to take place in this revenue item in 1972 as compared to 1967.

(5) Receipts from Savings Bonds

Due to the fact that savings bonds are of compulsory nature, receipts through these bonds are included in normal revenue. In calculating the revenue they would generate during the Second Plan period, changes to be made in the savings bond system in 1967 and their income reducing effect have been taken into consideration.

c) EQUILIBRIUM OF THE PUBLIC SECTOR

Expenditure targets established for the public sector and the equilibrium of the public sector based on the revenue to be generated by the current revenue system, are shown in Table 45. The additional financing required to establish a balance in the public sector will rise from TL 0.6 billion in 1968 to TL 2.5 billion in 1972.

In order to protect economic stability, the financing requirement has to be met from real sources made available to the public sector. The basic principle of the policy to be followed in meeting the financing requirement of the public sector is to reduce the disadvantages of the existing system. Furthermore, in meeting the financing requirements, efforts will be made to improve the per capita distribution of income and to ensure the realisation of development at the established rate.

d) MEETING THE FINANCING REQUIREMENT

The following measures will be taken to meet the financing requirement.

(1) Domestic Borrowing

Resources to be generated through long-term borrowing will be used to finance the Plan during the Second Plan period. Current cash requirements will be met through short-term borrowing.

In order to faciliate borrowing by the public sector, measures will be taken to secure a wider distribution of public borrowing to encourage private savings and to ensure the establishment of a capital market and improve its operation.

In order to meet its short-term cash requirements and to increase the efficiency of the monetary policy, the public sector will be allowed to have recourse to short-term borrowing With regard to short-term borrowing, a policy compatible with the prevailing economic conditions will be followed and the resources of the Central Bank will be used to the extent permissible by economic conditions.

(2) Increasing the Taxation Efforts

Tax revenue is the major source for meeting the additional financing requirements of the Plan. Therefore, the necessary measures will be taken to increase tax revenue and potentially taxable sectors and activities will be taxed. The principles to be observed and the measures to be taken in the field of taxation are explained in the section dealing with tax policy.

(3) Increasing the Revenue of Local Administrations

As a result of a reform to be made in the revenue system of local administrations, the revenue of these administrations will be substantially increased. Amending the law governing the Revenue of Municipalities, carrying out a census on land and buildings and enactment of the financial equilibrium bill are among the leading measures to ensure a reform in the revenue of local administrations. Parallel to the revenue reform, the establisment of an effective coordination between local services will have a favourable effect on the achievement of the objectives set forth in the Plan for the public sector.

(4) Increasing the Annexed Budget Revenues

During the Second Plan period, the services furnished by the administrations operating under Annexed Budgets will be made available for a fee compatible, as far as possible, with the ability to pay of those making use of these services and efforts will be made to increase revenue through this measure.

(5) Increasing the Resources and Funds Created by State Economic Enterprises

Work being carried out on the reorganisation of State Economic Enterprises will be completed and the resources and funds created by these enterprises will be increased through the measures explained in the section regarding price policies. Funds created by the savings institutions will be increased parallel to the expansion in the scope of social insurance organisations, in particular.

(6) Increasing the Revenue of the Organisations Operating Under a Revolving Fund

During the Second Plan period, funds created by the organisations operating under a Revolving Fund will be increased by improving the management and control of these organisations, by placing emphasis upon the adoption of an effective price policy and by expanding the scope of their activities.

The achievement of the public sector expenditure targets of the Plan, without hampering the objective of development stability and in compliance with the principle of social justice, depends upon the creation of sound resources to feed these expenditures.

TABLE 45 — Public Sector Balance

(Billion TL)
(At 1965 Prices)

	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
1. Public Expenditures	23.3	25.4	27.6	30.6	34.4	37.4
2. Public Revenue	23.0	24.8	26.8	29.4	32.4	34.9
3. Additional Financing Requirement	0.3	0.6	0.8	1.2	2.0	2.5
(As Percentage of GNP)						
1. Public Expenditures	27.4	27.9	28.3	29.3	30.8	31.3
2. Public Revenue	27.0	27.2	27.5	28.1	29.0	29.2
3. Additional Financing Requirement	0.4	0.7	0.8	1.2	1.8	2.1

7. FINANCING OF THE PRIVATE SECTOR

In order to accelerate the general economic growth, the private sector will be required to make a greater and constantly increasing contribution to the development effort. Directing the private sector into large and productive investments within a framework of rapid development, requires that serious attention be given to the financing problem of these investments.

a. DEVELOPMENTS AND PROBLEMS

Investment and operating activities of the private sector are generally financed through the own resources of the firms and through sources obtained from the credit system.

Credits used by the private sector during the period 1962 - 1966 are shown in Table 46.

TABLE 46 — Credits Used by the Private Sector

(Million TL)

	1962	1963	1964	1965	1966
	(1)	(2)	(3)	(4)	(5)
Total Volume of Credits Made to the Private Sector by the Banking System (Including Central Bank Credits) (1)	8 889	10 065	11 483	13 561	16 796 (4)
Credit Volume of Institutions Subject to Law 2279 (2)	92	77	87	73	124
Net Volume of Credits of the Unorganised Credit Market (3)	3 600	3 700	3 000	3 200	3 500
Total Credits Used by the Private Sector	12 581	13 842	14 570	16 834	

SOURCES : (1) Central Bank
(2) Ministry of Commerce
(3) State Planning Organisation
(4) Figure for November 1966

Financial institutions contributing to the financing of the private sector are banks, private insurance corporations, organisations authorised to make loans under Law 2279, credit and guarantee cooperatives and the unorganised credit market.

Among these intermediary organisations, particularly those lending money under the provisions of Law 2279 and the unorganised credit market, must be considered separately as to their effect in financing the private sector. Organisations lending money under Law 2279 are indicated in Table 47 and the unorganised credit market is shown in Table 48.

TABLE 47 — Organisations Lending Money Under Law 2279

(Million TL)

Year	Number of Organisations	Total Credit
1961	85	100.8
1962	73	92.2
1963	80	77.1
1964	91	87.8
1965	86	73.0
1966	77	123.5

Source : Ministry of Commerce

TABLE 48 — Unorganised Credit Market

(Million TL)

	1962 (1)	1963 (2)	1964 (3)	1965 (4)	1966 (5)
End of Year Volume of the Unorganised Credit Market..	6 400	6 800	5 900	6 200	6 700
Portion of This Sum Fed by the Banking System..	2 800	3 100	2 900	3 000	3 200
Net Volume of the Unorganised Credit Market..	3 600	3 700	3 000	3 200	3 500

Source : State Planning Organisation

The funds obtained from external sources in the form of project credits have recently begun to gain an increasing importance in the financing of the private industrial sector.

Developments in project credits recorded during the period 1963 - 1966 are shown in Table 49.

Moreover, the public sector is contributing to the financing of the private sector by establishing special funds outside the general credit system and by extending short-term credits.

In addition, certain practices adopted by the State, such as collecting income and corporation taxes in installments and without interest in the year following the year of assessment, payment of taxes in installments and the investment rebate system, serve to meet indirectly the financing requirements of the private sector.

During the First Plan period, the failure to generate a sufficient volume of resources and to establish an effective distribution system, has prevented the private sector from making use of long-term credits. Moreover, in addition to the lack of long-term credits required by the private sector to finance investments, operating credit requirements were also not properly met.

TABLE 49 — Project Credits Used by the Private Sector (1963 - 1966)

(Thousand $)

Source of Credit	Amount of Credit	Utilised Portion				Total	Balance As of Nov. 1967
		1963	1964	1965	1966 (11 Months)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
AID-DLF	149,900	118,773	11,820	10,305	5,327	146,225	3,675
IDA	45,700	591	5,028	7,440	17,517	24,576	21,124
IBRD	18,000	18,000	—	—	—	18,000	—
EIB	6,290	—	—	—	4,775	4,775	1,515
GRAND TOTAL	**219,890**	**137,364**	**16,848**	**17,745**	**21,619**	**193,576**	**26,314**

Source : Ministry of Finance

The problem of credit for the private sector is particularly important for the industrial sector where entrepreneurs are making extensive use of foreign resources in proportion to the volume of investments and production.

Table 50 indicates the investment in net fixed assets in the principal sectors of the economy, the relation between capital stocks and the long-term as well as short-term credit requirements of these sectors. These figures were developed on the basis of a study conducted in private industrial enterprises for the period 1962 - 1965.

This study indicates that investments in net fixed assets were financed through the capital stocks of entrepreneurs, but that in order to enter into production, these enterprises made use of foreign resources in an amount corresponding to almost twice the investment in net fixed assets.

Credits obtained from the banking system corresponded to 98.9 per cent of the investments made in net fixed assets, while credits obtained from other sources corresponded to 82.4 per cent of the same investments.

TABLE 50 — Relations between the capital stocks and long-term as well as short-term credit requirements in the principal sectors of the economy in 1962 - 1965, based on a survey conducted in 285 industrial enterprises under the private sector.

	Distribution of Net Fixed Assets					Bank Credits			Other Credits			Credits		TOTAL	
	Number of Enterprises	Thousand TL	%	Net Fixed Assets (Basic)	Private Capital	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total	Short-Term Total	Long-Term Total	Total Credits	Own and Foreign Resources
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Food	35	75,503	5.93	100.0	124.6	43.1	40.7	83.8	36.6	3.1	30.7	79.7	43.8	123.5	
Textiles (Including Yarn, Dying and Finishing)	72	631,197	49.43	100.0	157.4	111.7	24.7	136.4	79.8	6.4	86.2	191.5	31.1	222.6	
Clothing	11	16,162	1.27	100.0	196.2	85.3	11.1	96.4	116.2	5.5	121.7	181.7	16.6	218.1	
Rubber Products and Tyres	12	144,187	11.32	100.0	108.7	20.5	46.2	66.7	15.0	18.7	33.7	35.5	69.9	100.4	
Chemical Industry	23	33,072	2.59	100.0	323.4	148.8	32.0	180.8	161.7	88.8	250.5	310.5	120.8	431.3	
Plastic Processing	8	19,579	1.54	100.0	173.1	177.9	13.4	191.3	61.4	—	61.4	239.3	13.4	252.7	
Iron-Steel and Metallurgy	24	97,990	7.69	100.0	121.7	52.0	35.6	85.6	27.6	3.1	40.7	89.6	38.7	126.3	
Metal Products	37	69,124	5.42	100.0	164.7	63.5	27.8	91.3	60.8	4.6	65.4	124.3	32.4	156.7	
Machinery Manufacturing Industry	6	30,691	2.41	100.0	197.7	75.7	14.9	90.6	169.1	11.7	180.8	244.8	26.6	171.4	
Electrical Machinery and Equipment	13	36,929	2.85	100.0	205.4	132.3	31.6	163.9	122.2	—	122.2	254.5	31.6	286.1	
Other Industries	44	119,960	9.41	100.0	120.0	86.9	29.7	116.6	82.9	23.9	106.8	69.8	53.6	223.3	
Total and Average for 285 Enterprises	**285**	**1,274,394**	**100.00**	**100.0**	**151.5**	**69.5**	**29.4**	**98.9**	**71.6**	**10.8**	**82.4**	**141.1**	**40.2**	**181.3**	**332.8**

(5) The policies to be adopted in the Second Plan period will enable the private sector to take over the development of the manufacturing industry in the long run. The public sector will complete the investments already initiated and will increase and improve the efficiency of the existing production capacity. Moreover, the public sector will enter those fields of industry which the private sector cannot participate in despite the incentives and which may create bottlenecks in the economy. Mixed enterprises will be preferred in the new fields of industry taken up by the public sector, in order to increase the contribution of the private sector to development efforts.

"In the mixed enterprises to be established through the capital participation of the State or State Economic Enterprises, measures will be taken to avoid the hegemony of a limited number of persons over the capital and administration of the enterprises."

To increase the effectiveness of the communications system of the private sector, the communications system existing between the public and private sectors will be defined and strengthened to achieve development in conformity with Plan targets.

The most important advantage of this will be to save the private sector from making mistakes in reaching foresighted decisions on investments and production and thus to ensure the effective distribution and utilisation of resources without causing a waste in expenditures in making efforts to achieve Plan targets. For this purpose, the public sector will lead the activities aimed at developing project preparation ideas and ensure the transmittal of the necessary information to the private sector. The projects of the private sector which are above a defined magnitude will be required to be reviewed by the State Planning Organisation and if they are found to be in conformity with development targets, they will benefit from incentives.

Through the observance of these rules national welfare, which is a target of the Second Plan, will be increased within the framework of social justice and the system of mixed economy, and the framework to ensure rapid development of the economy will be established.

11. SAVINGS POLICY AND CAPITAL MARKET

a. SAVINGS POLICY

In order to achieve the objectives and targets of the Second Plan, policies required for the rapid increase of domestic savings and for shifting these funds towards the most productive investments are explained below.

One of the objectives of planned development is to base development, to a large extent, on national resources and to relieve dependence of the economy on foreign resources. To attain this objective, the Second Plan foresees as a target an average increase of 3.3 per cent per annum in foreign resources, against a rise of 12.2 per cent in domestic savings. In this way, every year a higher portion of the increasing income will be

The inability of private enterprise alone to attain the rapid development taken as a target by the Turkish nation has created the necessity for the public sector to make direct investments in production activities. However, the lack of responsibility associated with ownership, the failure to establish a clear relation between the risks and the rewards of this undertaking and the deficiencies in the direct interference of the State in economic life, have prevented, in the final analysis, the effective utilisation of resources. The absence of dynamism peculiar to private enterprise in the economic activities of the State causes bottlenecks in communication and an increase in red-tape which reduces administrative efficiency.

The mixed economy system which began to be implemented in the 1930's marked a development in the course of time and formed a characteristic feature of the Turkish nation and economy. During the years following the Second World War, the private sector marked a substantial development. As a result of this development, the relative share of the private sector industrial development activities reached the level of 61 per cent during the period 1963 - 1966.

c. THE RULES OF MIXED ECONOMY

The functioning of the public and private sectors side by side in the market to accelerate economic development within the framework of the principle of equality in opportunity, necessitates a clear definition of the rules of mixed economy. Such a definition will, on the one hand, eliminate uncertainties in the market and consequently reduce the effect of the "risk factor" caused by the competition of the public sector and, on the other, serve to shift public sector investments into the desired fields of activity.

The rules of mixed economy to be observed during the Second Plan period are explained below :

(1) The static and dynamic efficacy of the economy will be achieved mainly through the market mechanism. In other words, economic decisions will be made on the basis of free market prices.

(2) In fields where the public and private sectors carry out productive activities side by side, the State will ensure equality in opportunity and treatment.

(3) The State will ensure price stability and minimise the deficiencies of the price mechanism through indirect means such as tax, credit, money and foreign trade policies, and it will prevent the creation of monopolistic tendencies and the exploitation of consumers. In this way, it will ensure the effective distribution of private sector resources in fields to help the development of the economy.

(4) In particular, the State will undertake infrastructural investments which accelerate the overall development and make investments of a social welfare nature in education and health services which help to improve the welfare of the community.

(4) The rules of the mixed economy system will be clearly defined and the drawbacks of the existing system will be quickly removed.

b. DEVELOPMENT OF THE MIXED ECONOMY SYSTEM

A study on the historical evolution of the Turkish economy reveals the existence of various periods of different characteristics.

During the period 1923 - 1932, an economic policy basically dependent on the private sector was adopted. During this period measures were taken to encourage the growth of private enterprise through the establishment of the İş Bank and the Industry and Mining Bank and by enacting the 1928 Law on the "Encouragement of Industry." However, in 1932 the State began to participate in economic activities directly and as a result of this practice the system called "mixed economy" came into existence.

Although widely implemented in almost all of the contemporary societies having chosen a free and democratic way of life, the mixed economy system represents a different character in Turkey both as to the conditions which caused its creation and as to its development.

Turkey was one of the first countries in the world to widely implement the mixed economy system. This system, however, was not created in Turkey under doctrinal considerations, but came about as a result of the need for rapid development and of the necessity to reach quickly the level of contemporary civilisation by making use of all available resources.

At the beginning of the 1930's the insufficient available savings needed for development and the lack of entrepreneurs capable of directing these limited savings into productive investments within the Turkish society, which desired and believed in the need for rapid development, forced the State to participate in economic life not only in the capacity of regulating economic activities but in the capacity of making direct investments in the basic production oriented industries. Basic industries in the fields of mining and metallurgy and the first installations of considerable size built to meet the basic food and clothing requirements of the people were established by the State. However, conditions providing the possibility to transfer these installations to private enterprise in the course of time, were introduced under Law 3460 which was put into force in 1938.

Drawbacks observed in the operation of the market mechanism, in addition to the insufficient savings and entrepreneurs, have been influential in the extensive implementation of the mixed economy system. Indeed, the prices established in an improperly operating market could not accurately reflect the actual scarcities or abundances in the economy. Employment of market prices alone as an indicator in reaching a decision on investments and production prevents the effective distribution of resources and causes wasteful expenditures in the economy. In other words, the failure to distinguish between the social and individual nature of profits prevents the effective distribution of resources for development of the economy.

DEVELOPMENTS TO BE ATTAINED BY THE TURKISH ECONOMY DURING THE PERIOD 1968 - 1972

9. BASIC POLICIES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

The adoption of effective and suitable policies is considered indispensable in order to achieve the basic targets and objectives foreseen in the Plan. The realisation of the Plan targets and objectives depends on the care and attention to be paid to the selection, development and implementation of the policy tools to be adopted.

Policies to be followed during the Plan period will be selected according to the needs of the economy and in conformity with the basic objectives of the Plan. While the policy measures to be established should conform to the realities of the economy and be practicable, they must also be implemented in such a manner and level as to lead the economy towards the desired objectives. In implementing the policies and selecting the necessary measures, the basic targets and objectives of the Plan will be taken into consideration and the use of policies which may create contradictions will be avoided. Policies having only minor side effects will be preferred to those having greater side effects and in the same manner, those which lead to short-term conclusions will be preferred to those requiring more time. Among the policy tools having similar effects, those which can be implemented easily will be selected instead of those which are complicated.

The principles, policies, and measures summarised below will be implemented in a flexible way according to the developments in the economy and the prevailing conditions. If deemed necessary, new policies will be adopted in the Annual Programmes.

10. MIXED ECONOMY POLICY

a. PRINCIPLES

(1) The basic objective of the mixed economy system is to accelerate development by mobilising all the resources and potential of the country through the framework of a better distribution of resources among economic and social activities.

(2) The mixed economy system will be employed as a tool capable of ensuring an equitable and balanced development in the efforts towards improving the welfare of the Turkish nation.

(3) Although the Second Plan is imperative for the public sector, for the private sector it serves as a guide and support and it helps individuals explore and develop their enterprising potential.

SECTION V

TABLE 57 — Balance of Payments Projections

(Million $)

	1967	1968	1969	1970	1971	1972	% Change Five Year	% Change Annual
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I. CURRENT ACCOUNT DEFICIT	—184	—197	—216	—235	— 224	— 226	22.8	4.2
A. Trade Balance	—270	—295	—325	—360	— 375	— 395	46.3	7.9
1. Imports	—780	—835	—900	—975	—1 040	—1 115	42.9	7.4
2. Exports	510	540	575	615	665	720	41.2	7.2
B. Balance of Invisibles	66	83	94	115	141	159	140.9	19.2
1. Interest Payments	— 43	— 49	— 51	— 55	— 61	— 66	53.5	5.9
2. Tourism and Travel	— 6	0	5	22	50	70	1 300.0	—
3. Profit Transfers	— 20	— 23	— 27	— 31	— 35	— 40	100.0	14.9
4. Workers' Remittances	130	140	150	160	165	170	30.8	5.5
5. Others	5	15	17	19	22	25	500.0	—
C. NATO Off-shore Receipts	20	15	15	10	10	10	50.0	
II. CAPITAL MOVEMENTS	184	197	216	235	224	226	22.8	4.2
1. Debt Repayments	—105	—102	—101	— 93	— 94	— 78	74.3	—
2. Private Foreign Capital	35	40	43	47	51	55	57.1	9.5
3. Imports with Waiver	10	12	14	16	18	20	100.0	14.9
4. Foreign Financing Requirement	244	277	290	295	279	259	— 6.1	—
III. RESERVE MOVEMENTS	—	— 30	— 30	— 30	— 30	— 30	—	—
IV. SHORT-TERM IMPORT-EXPORT CREDITS	—	—	—	—	—	—	—	—
V. NET ERRORS AND OMISSIONS	—	—	—	—	—	—	—	—

C) THE QUESTION OF DEPENDENCE OF THE TURKISH ECONOMY ON FOREIGN RESOURCES AND THE FOREIGN FINANCING NEED

Turkey's long-term objective is for the economy to attain a structure and strength under which it would no longer need foreign aid, while sustaining economic growth within the framework of planned development.

The years 1968 through 1972 will be a critical period as to the achievement of this objective. By the effective utilisation of resources available to the Turkish nation and economy, the deficits in the balance of payments are expected to be eliminated and domestic savings increased considerably. As a result of these developments the Turkish economy is expected to sustain a high rate of growth without requiring foreign aid on concessional terms after the Second Plan period. Domestic savings will reach the desired level after the Second Plan period and the balance of payments will be improved to the point where it will be possible to use credits at the interest and payment conditions that exist in the world money and credit market.

The objectives and policies of the Second Plan have been established to achieve the targets of improving the balance of payments and of rapidly increasing domestic savings. Projections made for the period beyond the Second Plan show that payments under project credits which will continue in the years immediately following 1972 would be sufficient to meet Turkey's need for development credits up to the middle of the Third Plan period, and that after 1975 Turkey would be able to sustain its economic development by incurring loans from the international market.

However, the objective to relieve the dependence of the Turkish economy on foreign resources after 1975 can only be attained by realising fully the targets set forth in the Second Plan and, consequently, by obtaining all of the foreign aid expected in this period. Unless the foreign financing needs found indispensable for the period 1968 - 1972 are obtained under suitable conditions and in sufficient amounts, the achievement of the critical objectives of the Plan related to output, export, import substitution and investments will not be possible. Under these circumstances the target concerning the dependence of the Turkish economy on foreign aid will have to be postponed to a date after 1975.

During the Second Plan period, the foreign financing requirement of the Turkish economy will decrease in both relative and absolute terms. Indeed, the foreign financing requirement, excluding the foreign aid needed for increases in reserves, will drop from $ 247 million in 1968 to $ 229 million in 1972 and the relative share of foreign financing in GNP will fall from 2.4 per cent to 1.7 per cent during the same period. The relative share of foreign savings in GNP will fall from 1.9 per cent in 1968 to 1.7 per cent in 1972.

TABLE 56 — Tourism Revenues and Expenditures During the Period 1967 - 1972

(Million $)

	Revenue (1)	Expenditures (2)	Difference (3)
1967	25.0	31.0	— 6.0
1968	45.0	45.0	0.0
1969	55.0	50.0	5.0
1970	77.0	55.0	22.0
1971	110.0	60.0	50.0
1972	135.0	65.0	70.0

Workers' Remittances : The rate of increase in workers' remittances which became an important source of foreign exchange after the measures taken in 1964, is expected to show a decline during the Second Plan period. These remittances are estimated to show an increase of 30.8 per cent in five years and to rise from $ 130 million in 1967 to $ 170 million in 1972.

Foreign Debt Interest Payments : During the Second Plan period foreign debt interest payments, including payments to be made for the new debts to be incurred, will increase from $ 43 million in 1967 to $ 66 million in 1972.

Profit Transfers : Profit transfers are expected to increase parallel to the rise in the private foreign capital inflow during the Second Plan period. With this consideration profit transfers are estimated to rise from $ 23 million to $ 40 million.

Other Invisibles : This item, which covers receipts and expenditures related to freight, port and station expenses, insurance services and commision charges, is expected to become an important source of revenue for the balance of payments and to show a surplus of $ 25 million as a result of measures to be taken.

Infrastructure and Off-Shore Receipts : During the Second Plan period infrastructure and off-shore receipts are expected to show a decline and to fall to the level of $ 10 million in 1972.

Capital Movements : In spite of new loans to be obtained, foreign debt repayments, which will be around $ 100 million at the beginning of the Second Plan period, will fall to $ 78 million towards the end of the period.

The flow of foreign private capital into Turkey is expected to continue at an increasing rate and to rise to $ 55 million in 1972.

Agricultural Products : During the Second Plan period, agricultural products will continue to occupy an important place in the commodity distribution of exports. Efforts already initiated in the field of agricultural exports will continue during the period 1968 - 1972 in the direction of promoting foreign demand, and the export of agricultural products will be increased as a result of the more extensive use of fertilizers, irrigation and improved seeds which will help to increase the yield.

Mining and quarry products : During the Second Plan period substantial increases are expected in the exports of the mining and stone quarry sector. As a result of investments made by various public and private sector organisations, the production and export of mercury and magnesite will rise considerably. Calcium borate exports will continue to rise and wolfram exports will start in 1969 upon the completion of wolfram installations.

Industrial Products : During the Second Plan period, the principal products which have export potential are processed food products, textiles, ready-made clothing, leather and hides, chemical products, iron, steel and metallurgical products, forestry products, machinery and electrical equipment.

An increase in copper production as a result of investments made in copper installations is expected to have a favourable effect on the export of industrial goods in the second half of the Second Plan period.

Owing to these developments, the export of industrial products is estimated to rise from $ 90 million in 1967 to $ 197 million in 1972.

(2) Invisible Items

Tourism and Travel : The balance of tourism and travel which continued to show a deficit throughout the First Plan period, is expected to become an important source of revenue in the Second Plan period. Investment incentives and other encouragement measures taken as a result of the increase in the number of foreign tourists visiting Turkey, are expected to cause substantial development in the tourism sector during the Second Plan period. Every effort will be made for the rapid development of this sector which has a large foreign exchange potential for the country. The number of tourists which are expected to visit Turkey will rise from 470,000 in 1967 to 1,500,000 in 1972. Tourism receipts and expenditure projections are shown in Table 56. The policy to be adopted and measures to be taken are explained in detail in the section on the Tourism Sector.

TABLE 54 — The Share of Major Commodity Groups in Total Exports

(%)

	Agricultural Products (1)	Mining and Quarry Products (2)	Industrial Products (3)	Total (4)
1967	76.7	5.5	17.8	100.0
1968	75.7	5.8	18.6	100.0
1969	74.3	5.9	19.8	100.0
1970	72.4	6.0	21.6	100.0
1971	69.9	6.1	24.0	100.0
1972	66.8	5.9	27.3	100.0

TABLE 55 — 1967 - 1972 Export Targets

(Million $)

	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
I. Agricultural and Animal Products	391.3	409.0	427.0	445.0	465.0	480.9
a. Cereals and Pulses	12.2	14.3	17.2	20.0	23.4	25.4
b. Fruit and Vegetables	109.1	115.3	120.5	126.5	133.4	138.5
c. Industrial Crops	225.9	232.3	240.7	247.0	255.8	262.0
d. Livestock and Animal Products	39.0	41.5	42.2	42.7	42.9	43.0
e. Sea and Inland Water Products	5.1	5.6	6.4	8.8	9.5	12.0
II. Mining and Quarry Products	28.0	31.0	34.0	37.0	40.0	42.0
III. Industrial Products	90.7	100.0	114.0	133.0	160.0	196.9
a. Food and Beverage Industry	44.3	45.0	43.0	45.0	44.0	41.4
b. Textile Industry	7.5	13.0	20.0	27.0	33.7	38.9
c. Wood Products Industry	1.1	1.4	2.0	2.9	4.3	5.6
d. Hides and Leather Industry	0.2	0.7	2.0	4.0	6.3	8.9
e. Chemical Industry	3.9	5.5	8.0	10.0	11.2	12.2
f. Cement Industry	—	—	—	—	1.5	2.8
g. Glass and Ceramics Industry	2.7	3.3	3.9	4.5	5.1	5.9
h. Non-Ferrous Metals Industry	22.2	21.0	22.0	22.0	30.8	53.4
i. Metal Products and Machinery Industry	2.0	2.5	4.5	7.5	10.5	13.7
j. Electrical Machinery and Electronics Industry	3.4	4.2	5.5	7.2	10.0	12.2
k. Others	3.4	3.4	3.1	2.9	2.6	1.9
TOTAL	510.0	540.0	575.0	615.0	665.0	720.0

As shown in this table, during the Second Plan period imports are expected to increase from $ 835 million in 1968 to $ 1.15 billion in 1972.

During the period 1968 - 1972, imports are estimated to increase at an average rate of 7.4 per cent per annum. This rate will thus exceed the rate of increase in national income. It has also been estimated that this rate of increase which has been found necessary to achieve the growth rate and realise the investments set forth as a target in the Plan, would slow down toward the end of the Plan period, mainly due to the increase in import substitution. Import substitution will be concentrated mainly on chemical fertilizers, petro-chemical products, metallurgical products and the machinery manufacturing sector.

Exports : During the Second Plan period, exports are expected to register an average increase of 41.2 per cent in five years, or an average increase of 7.2 per cent per annum. Although the relative share of agricultural commodities in total exports will continue to be dominant, a significant structural change is expected to take place in exports towards the end of the Second Plan period as a result of the policy measures to be taken and of developments to be attained in the industries which are planned to be established. Consequently, the relative share of industrial products in total exports will rise from 17.8 per cent in 1967 to 27.3 per cent in 1972. The exports of mining and quarry products will increase up to 50.7 per cent in five years. The export of agricultural products, on the other hand, which is more or less limited by foreign demand is estimated to register an increase of only 22.9 per cent despite efforts to be made in this field.

General developments expected in exports and changes to take place in the composition of exports during the Second Plan period, are shown in Tables 53, 54 and 55.

TABLE 53 — Export Estimates For 1967 - 1972

(Million $)

	Agricultural Products (1)	Mining and Quarry Products (2)	Industrial Products (3)	Total (4)
1967	391.3	28.0	90.7	510.0
1968	409.0	31.0	100.0	540.0
1969	427.0	34.0	114.0	575.0
1970	445.0	37.0	133.0	615.0
1971	465.0	40.0	160.0	665.0
1972	480.9	42.2	196.9	720.0

1963 - 1966. However, the unexpected increase in the workers' remittances in particular, caused a decline in the deficit of the balance of current transactions. Although as a result of these developments foreign aid requirements remained below the Plan targets, from the point of view of the balance of payments deficit, financing difficulties increased since these developments necessitated an increase in domestic savings over and above the Plan targets. Indeed, although the relative share of the foreign deficit in GNP was estimated in the First Plan to amount to 3.5 per cent, as a result of developments occuring in the balance of foreign payments the 1963 - 1966 average of this share fell to 2.4 per cent and necessitated an increase of the same percentage in domestic savings over and above the Plan targets.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

(1) Current Transactions

Imports : Targets for the Second Plan period have been established in compliance with the growth rate and macro-economic targets which were adjusted according to studies conducted within the framework of investment/output and output/consumption equilibria of the various sectors.

Furthermore, to establish the import estimates, factors such as development in the total volume of investments, growth rate in the industrial sector and increases in consumption were taken into consideration, and emphasis was placed on new production opportunities such as import substitutes.

Import estimates were based on three basic commodity groups, as shown in Table 52.

TABLE 52 — Import Estimates

(Million $)

	Investment Goods (1)	Raw Materials (2)	Consumer Goods (3)	Total (4)
1967	320	380	80	780
1968	332	418	85	835
1969	350	460	90	900
1970	370	510	95	975
1971	385	555	100	1 040
1972	405	605	105	1 115

TABLE 51 — Private Investment and Resources (1967 - 1972)
(Billion TL)
(At 1965 Prices)

	1967	1968	1969	1970	1971	1972	(% Change)	
							5 Year	Annual
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Private Investment	7.9	8.9	10.1	11.4	12.7	14.3	81.0	12.6
Resources	7.9	8.9	10.1	11.4	12.7	14.3	81.0	12.6
Domestic Savings	7.6	8.4	9.3	10.1	10.8	11.8	55.3	9.3
Foreign Savings	0.6	0.7	0.8	0.9	1.0	1.0	66.7	9.1
Net Resource Transfers from Public Sector	—0.3	—0.2	—	0.4	0.9	1.5	—	—

8. BALANCE OF PAYMENTS AND FOREIGN ECONOMIC RELATIONS

a. DEVELOPMENTS

During the first four years of the First Plan period, the export and import targets were largely realised, in fact exports exceeded the Plan target. During the period 1963 - 1966, they were realised at a level 12.3 per cent above the Plan targets. In the first four years of the planned period the average level of exports amounted to $ 433 million, whereas the four-year average of exports prior to the planned period was only $ 350 million. Hence, the average rate of increase in four years amounted to approximately 24 per cent. Despite a decline in the prices of export goods, the rate of growth in export earnings exceeded the rate of increase in GNP. Another feature of the 1963 - 1966 exports is that no substantial change took place in their composition and they retained their agricultural character.

On the other hand, although 1963 - 1966 imports showed important yearly fluctuations, they were nevertheless realised over the four-year period at the level foreseen in the Plan and Programmes.

Imports which showed irregular development due to shortages in foreign exchange, delays in foreign aid and deficiencies in project preparation, remained 0.5 per cent below the target levels foreseen in the First Plan. The generally irregular development in imports tied to foreign aid caused bottlenecks in the economy from time to time, prevented industries from operating at their installed capacity, and resulted in investments below the Plan targets.

As a result of these developments in imports and exports, the balance of foreign trade continued to show a deficit during the period

The approximate relative relationship regarding the credit requirements of the private sector make it necessary, when establishing investment targets, to take into consideration the additional financing requirements to meet the working capital needs to come about as a result of such investments.

During the First Plan period, the industrialist was prevented from making wide use of the banking system because of the requirement to show real estate as a guarantee, the failure to establish necessary organisation to finance installment buying, the failure to provide rediscount facilities for the bills of industrialists related to raw material purchases and marketing and, finally, the failure to meet the medium-term credit requirements.

Expected improvements in the activities of the industrial investment and credit banks could not be realised during the First Plan period. The need to make a profit, the requirement to furnish a real estate guarantee at a value corresponding to 200 per cent of the credit to be extended and the high volume of service charges, have limited the activities of these banks. Consequently, only a limited number of industrialists could make use of these facilities. In some cases, the scope of activities of these banks could not be expanded due to the limited volume of their resources.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

During the period 1967 - 1972, total private sector investments are expected to amount to TL 57.4 billion. These investments are indicated in Table 51.

To achieve the investments and production targets foreseen in the Second Plan, the financing requirements of the private sector will be met through the voluntary savings of the private sector, the allocations to be made to this sector from foreign resources and through the transfers to be made to the private sector from the public sector.

In order to direct the voluntary savings into productive fields of investments, operations and activities of the financial institutions will have to be improved.

Considering the fact that voluntary savings will not reach a level capable of financing the investment targets foreseen in the Second Plan for the private sector, it will be necessary to transfer funds from the public sector to the private sector up until 1970. These funds will be directed into productive fields and used by mixed enterprises, the formation of which will be encouraged, or through the private sector investment bank to be established.

The financing requirements to come about as a result of private sector investments are shown in Table 51.

earmarked for savings and, consequently, the relative share of domestic savings in GNP will rise from 17.9 per cent in 1967 to 22.6 per cent in 1972. This target foreseen in the Plan requires additional efforts to be made in order to accelerate the increase in domestic savings. For this purpose, due to the insufficient voluntary savings, a policy will be adopted to encourage the voluntary savings of the nation, on the one hand, and to increase public savings on the other.

As domestic savings depend on the level of income, an increase of 40.3 per cent in GNP during the period 1967 - 1972 will be conductive to the creation of an environment suitable for ensuring a rapid increase in domestic savings. It will also encourage the maintenance of stability in prices.

In economies where prices are inclined to register a constant and rapid increase, an upward trend in voluntary savings cannot be easily attained. In other words, an increase in the volume of voluntary savings depends largely upon the maintenance of price stability. Thus, the maintenance of price stability during the Second Plan period will help to increase domestic savings.

In order to encourage voluntary savings, to keep consumption within the limits foreseen in the Plan and to increase public savings, the maximum and effective use of tax and price policies will be made. Efforts will be exerted to ensure that measures taken to increase public revenue do not cause a decline in voluntary savings. Keeping public consumption within certain limits while trying to increase public revenue, will ensure a rapid increase in public savings. Tax policy will be implemented at a low rate on necessary goods, while luxury goods will be taxed progressively according to the type of goods so that their demand can be reduced. The current tax system will be revised in order to achieve this objective.

The price policies to be adopted by the State and State Economic Enterprises will aim at restricting luxury goods consumption.

Productive capacities which may encourage consumption will not be created by the public sector and attempts of the private sector in this direction will be discouraged.

To increase voluntary savings, the existing financial institutions will be reorganised to increase their efficiency. When deemed necessary, new institutions will be established to encourage voluntary savings. In particular, the banking system will be reviewed and revised to increase savings and efficiency in their distribution.

Measures will be taken to improve the operation of insurance organisations and efforts will be made to direct the accrued funds of the insurance companies into investments which will accelerate economic development.

The unorganised credit market will be eliminated through development of the banking system and the establishment of a capital market.

To create the funds required for economic development, taxation and price policies will be used to ensure a better distribution of income and an equitable distribution of the tax burden among the various income groups.

To raise the level of total savings and to prevent the wasteful utilisation of resources, public current expenditures will be reduced and emphasis will be placed on keeping them within the established limits at the time of implementation. For this purpose, expansion of the bureaucracy will be prevented and certain services will be provided at the minimum cost possible. The unnecessary expansion of services will not be permitted. However, the criteria on which the current expenditures are based, are not clearly known. An effective evaluation system in establishing priorities for services has not been defined. To realise maximum savings from public revenue, the current expenditures of the public sector will be determined and allocated on the basis of clearly defined criteria.

As a basic objective, the State Economic Enterprises will ensure maximum savings in the funds at their disposal. Current expenditures of these enterprises will be kept at the lowest level possible and the cost of their products will be reduced through increasing the efficiency of their operation.

During the Second Plan period, the success of the policy to be followed towards increasing savings will depend upon the effective distribution of funds to be created.

Investment funds to be created in the public sector will be used within the framework of the principles explained in the section dealing with the "Mixed Economy Policy."

To realise the objective concerning the channeling of public sector savings into productive fields, measures will be taken to prevent the flow of organisational savings into unproductive investments.

Measures will be taken to encourage the flow of private savings into productive fields of investment as well as in under-developed regions instead of in real estate or unproductive fields which may return a profit in a shorter period of time. Entrepreneurs directing their investments into the most productive fields will be encouraged through a selective tax policy. The credit policy to be adopted will serve as a tool to direct surplus savings into the activities envisaged in the Plan.

The flow of private savings into housing investment has been caused by the inadequate and rather limited coverage of the Social Security System, the encouragement of this system through credit and tax policies, and the lack of a system to direct small savings into the fields where they can be used productively. Although rapid urbanisation, increasing population and the low standard of existing housing units cause an increase in housing requirements, the achievement of the Plan targets requires the restriction of investments into luxury housing and the shift of savings into more productive fields. Under these considerations, tax and credit policies will be used to encourage the construction of utility housing and to stop the increasing trend of luxury housing investment.

To expand coverage of the Social Security System, small tradesmen and artisans will be included within the social security scheme. This will cause an increase in public funds and consequently enable the State to give more support to small-scale industry.

Measures will be taken to encourage the flow of savings of Turkish workers employed abroad into more productive investments.

b. CAPITAL MARKET

Realisation of the industrialisation policy and of the private sector investments foreseen in the Second Plan depends on the realisation of a substantial increase in voluntary savings and on the channeling of these savings into the priority fields encouraged by the Plan. The capital market to be established will play an important role in increasing voluntary savings, particularly small savings, as well as in the effective distribution and utilisation of these savings.

Savings cannot be increased or channeled into movable assets at the desired level through legal and fiscal measures alone. However, these measures are nevertheless necessary and useful for the establishment and development of a capital market. To this end, in addition to the financial and legal measures to be taken to encourage savings, business enterprises which constitute the demand side of the market will be reorganised and arrangements will be made to ensure that both enterprises and the State comply with a given set of principles when demanding funds from the market, that shares suitable to the public are made available on the market and that measures to familiarise the public with the market mechanism are taken. These arrangements and measures will serve to increase the familiarity on of the general public with, and confidence in, buying and selling bonds and shares the market.

Intermediary organisations to help in the operation of the market will play an important role in bond issuing activities, as well as in channeling savings into bonds and shares and in financing the investments of enterprises. Therefore, the present current legislation governing the operation of these organisations will be revised and amended according to the needs of the economy. The question of control of the capital market will be taken up as an important part of the measures to be introduced and of the laws to be enacted.

During the Second Plan period, the bill drafted as a result of studies conducted on the establishment and development of a capital market will be enacted. This bill places emphasis on the establishment of joint stock companies open to the public. Special financial institutions will be organised to encourage the flow of savings into bonds and shares; interest rates will be revised as to their effect on the capital market; and organisational savings will be utilised for development of the capital market. Parallel to development of the capital market, measures will be taken to discourage enterprises from meeting their long-term credit needs from the money market and for that purpose higher rates of interest will be applied on credits whose maturities are extended; the policy of bond purchase and sale by the Government will be adjusted in such a way as to improve the operation of the capital market; legal formalities concerning bond issues will be simplified; and public organisations responsible for ensuring liquidity in movable assets will cooperate with the banking system and take necessary measures until the capital market begins to operate effectively.

12. TAX POLICY

a. PRINCIPLES

The basic objective of the tax policy to be implemented during the Second Plan period will be to ensure the financing of the Plan in conformity with the established economic and social targets, equitably and without causing economic instability, and to channel savings into productive investments.

(1) Financing of the Plan Through Real Resources

(a) During the Plan period, the public investment, current and transfer expenditures which will correspond to an average of 30 per cent of GNP, will be financed from non-inflationary sources. Fiscal policy will be used as the main tool to achieve this objective.

The current tax system will be improved not only with regard to its social aspects, but also with regard to the economic and financial drawbacks and nesessary changes will be made according to existing needs. In addition to the measures to increase efficiency of the current tax system, new sources of revenue will be sought.

While making efforts to improve the system, the financial objective to be taken into consideration will be to introduce an income elasticity into the system so as to preclude frequent legal changes in the tax system.

(b) The aim of increasing tax revenue is to raise the ratio of total savings to GNP. Therefore, in taxation care will be taken not to discourage private savings and investments. More effective measures to encourage savings and investments will be adopted. However, while developing these measures, efforts will be made to ensure that they do not affect adversely the distribution of income among individuals, do not cause a fall in the total volume of savings and do not reduce efficiency in the distribution of resources. Resources which are not channelled into productive fields in spite of encouragement measures to be adopted, will be taxed.

(2) Social Justice

(a) Another aim of the tax policy is to ensore a more equitable distribution of income among individuals. Tax payers will receive equal treatment in the implementation of tax policy. The existing system does not provide for the distribution of the tax burden among tax payers and sectors according to the principle of social justice,, owing to errors and shortfalls in taxation and due to the fact that the economic structure is not suitable for employment of highly advanced techniques in taxation. Efforts will be made to realise vertical equity in taxation through imposing taxes according to tax payment ability, to realise horizontal equity in taxation through imposing equal taxes on equal payment ability and to observe certain differences within the framework of social justice.

To ensure the equitable contribution of every person to public expenditures, emphasis will be placed on the principles of generalisation, progressiveness and discrimination in the tax system, and efforts will be made to expand the scope of taxation to cover every person and sector capable of paying taxes through ensuring equality in sacrifice.

For this purpose, the exemptions and exceptions of the existing tax system which impair the concept of social justice will be minimised and measures will be taken to prevent tax evasion.

In addition to measures to reduce the adverse progressive effect of indirect taxes, efforts will be made to increase the percentage share of direct taxes in total tax receipts since direct taxes are considered to be the most effective tool in realising social justice and the measures which can be taken in the field of indirect taxation are limited owing to their effect on the economic structure.

The basic policy of the Plan is to adopt a taxation system which suits the economic and social structure of Turkey and answers its needs in the best way rather than trying to adopt, without change, a system which is implemented in industrialised countries.

(3) More Effective Distribution of Resources

(a) Realisation of the accepted rate of growth of 7 per cent requires savings and investments to be increased to the levels foreseen in the Plan, as well as an effective distribution of resources among the production activities. As the Plan is not imperative for private sector investments, the tax policy to be implemented will, in addition to the other encouragement measures to be adopted, help to ensure the distribution of investments according to Plan targets. For this purpose, the existing tax system will be revised to enable the flow of investible funds into fields most suitable for economic development. A tax policy designed to stimulate the shifting of investments into export - oriented industries, in particular, and into sectors which can economically produce import substitution goods, will be adopted.

In taxation, efforts will be made to ensure coherence between the physical structure of the output and the savings-investment policy. Luxury consumption which meets the demand of the high income group only and which is generally made for mere show, will be reduced by imposing higher taxes on luxury goods and services. However, higher custom duties and quantitative restrictions on imports cause a rise in the price of such goods on local markets and, consequently, the production of goods of this nature becomes an attractive field of investment. The shifting of scarce investible funds into the production of luxury goods is also considered detrimental in the long run. Therefore, the production of this type of goods and services in Turkey will also be heavily taxed.

(b) To attain an inter-regional balanced development, private sector investments will not be allowed to concentrate only in certain regions, but will be encouraged through tax incentives to shift into underdeveloped regions possessing high development potential.

b. CURRENT SITUATION

The special features of the current tax system and tax administration may be summarised as follows:

(1) The present tax system is not sufficiently flexible. During the First Plan period, financing difficulties arose every year and the adoption of revenue increasing measures was required every year.

(2) The relative share of indirect taxes in the tax system amounts to 70 per cent. The special features of indirect taxes and the antiquated nature of certain indirect taxes in Turkey, have precluded an effective implementation of the principle of justice in distribution of the tax burden. Progressiveness in the tax system could not be raised to the desired level due to the high percentage of indirect taxes in total tax revenue and its effectiveness thus remained limited.

Owing to the inadequacy of the tax control system and the tax administration, the distribution of the tax burden, particularly in the field of indirect taxes, could not be carried out in conformity with social aims.

(3) Out of the total indirect taxes to be collected, 42 per cent in 1967 and 36 per cent in 1972 are expected to be related to imports. Such close dependence of the tax system on foreign trade is detrimental.

(4) The effect of the current tax system on the production cost of industrial goods and on the distribution of resources, is not positive. Therefore, it has been found necessary to introduce special incentive measures to enable industrial export goods to compete in foreign markets. The tax system will have to be revised to ensure a more effective distribution of resources and to encourage an increase in output.

(5) The tax administration is not sufficiently effective in tax collection, tax control and in its relations to the tax payer. Tax courts must be reorganised to better protect the interests of both the administration and the tax payer.

(6) Relations between the tax payer and the tax administration will be improved.

c. THE MAIN FEATURES OF THE TAXREFORM AND THE MEASURES IT COVERS

If the targets foreseen in the Plan are achieved during the Second Plan period, an additional financial sacrifice will not be needed for financing the Plan and particularly for the equilibrium of the public sector. However, a reform in the current tax system is considered inevitable in order to distribute the sacrifice equitably, to increase the savings needed for development of the economy in the desired direction and rate and to ensure a more effective distribution of resources. This reform will take into consideration the structure of the current tax policy, its effects on the economy and social consequences. It will be realised through three groups of measures to be taken in conformity with the three principles outlined above and will aim at removing and correcting drawbacks in the current system through the successful implementation of these measures.

(1) Financing of the Plan by the public sector and particularly the need for additional financing, will be met through sound and reliable tax revenue. Measures to be taken in order to meet additional financing requirements will be of a nature to help improve the tax system in conformity with the aims of tax reform.

One of the principal measures to be adopted to increase tax revenue is related to improvement of the tax administration, the reorganisation of tax courts and improvement in effectiveness. By increasing efficiency in tax administration and control, tax revenue will rise substantially and this effort will conform to the social and economic principles of the Plan. Reorganisation of tax courts will increase speed and confidence and a more advanced tax legislative system will thus be established.

Additional corrective measures will be taken to increase tax receipts by expending taxation to cover all taxable fields of the economy through closing existing loopholes in the tax system.

If deemed necessary, new tax sources will be created to meet the financing requirement and to improve the system in conformity with the objectives of tax reform. These sources will be reached through the measures listed below :

(a) Conducting a new census to increase the efficiency of land and building taxes, and the revision of these taxes,

(b) Taxation of luxury consumer goods which were not taxed previously,

(c) Revision of the coverage of production taxes until an value "added tax" is imposed,

(d) Imposition of taxes on highway transportation to meet the maintenance and repair of this system, and

(e) An increase in agricultural taxes parallel to increases in agricultural income.

(2) Bearing in mind the effective role of the tax system in ensuring social justice, the short-comings of the existing system will be improved. In particular, the range of low income brackets in the income tax schedule will be enlarged, the minimum subsistence allowance will be treated as a tax deduction and the income tax burden on low income groups will be reduced. Income taxes paid by those falling within the scope of the high income brackets will be increased through modifications in these brackets. However, in reaching this objective, care will be taken not to reduce the propensities to save and invest.

Moreover, tax exemptions contrary, to the discrimination principle from the social point of view, will be abolished. In this way, receipts through income tax will be increased. The structure of indirect taxes will also be revised to ensure realisation of the principles of social justice and the system will be improved and modified through shifting into new taxes such as the value "added tax."

In seeking new sources of revenue for financing the Plan, emphasis will be placed on direct taxes.

(3) By means of the new tax policy to be adopted, the tax system will be equiped with the necessary facilities to ensure the effective distribution of resources. Resources will be channelled into investments rather than into consumption and into the investment fields which are encouraged by the Plan, rather than into those which are not deemed appropriate. For the realisation of these objectives :

(a) Import duties and production taxes will be revised and any feature of these taxes causing an increase in the cost of industrial products, in particular, will be modified.

(b) Preparations will be initiated for the imposition of an "value added tax" to replace the current production tax.

(c) Measures will be taken to reduce demand for luxury goods and investments in industries producing this type of goods, by taxing luxury consumption.

(d) Taxation incentives of the system will be revised to channel investments into export-oriented fields and into the branches of industry which can compete in foreign markets through the cost structure of their products.

(e) New incentive measures in taxation will be introduced to direct investments into fields which will ensure inter-regional balance.

13. PRICE POLICY

During the first four years of the First Plan, while realising an average rate of growth of 6.5 per cent, it was possible to control fluctuation in the general level of prices at a level which did not damage the general balance of the economy. Thus, in the distribution of resources among alternative uses, the economically undesirable consequences of maldistribution caused by instability were avoided and disturbance in the income distribution through price instability was precluded.

a. PRINCIPLES

The nature of the price policy causing multi-sided effects within the economy and the importance of keeping these effects within the limits and weights acceptable to the general objectives of the Plan, have necessitated adoption of certain principles to be observed by the competent authorities in establishing the price policy.

Principles to be observed during the Second Plan period are indicated below :

(1) Protection of Price Stability

Protection of price stability is considered essential to achieve a sustained and accelerated growth in the economy, to prevent the waste of scarce resources and to avoid injustices in the distribution of income between regions and sectors. For this purpose, stability in the general level of prices will be protected with the exception of seasonal and casual fluctuations. However, price stability should not be interpreted to mean that no change will occur in the relative prices of goods and services. Depending upon the changes in the level of supply and demand, the price of certain goods and services will increase while that of certain others will decline.

(2) More Effective Distribution of Resources

When the relative structure of current market prices fails to reflect the real scarcities in the economy, bottlenecks can be eliminated by making changes in the relative prices so that resources can be better distributed under a different relative price structure.

In addition to measures introduced through the Plan and Programmes on the most suitable distribution of resources which would help to accelerate economic development, the formation of prices in the economy will not be interfered with unless deemed necessary and prices will be established freely in the market under competitive conditions.

(3) More Equitable Distribution of Income

During the Second Plan period the effects of price policy on the distribution of income will be taken into consideration and a price policy to promote a more equitable distribution of income among individuals, regions and sectors, will be adopted. Efforts will be made to ensure that changes in relative prices do not effect the goods and services which may cause a burden on the budgets of low-income groups. Through this policy, the real income of these groups will be protected.

Support purchases carried out by the public sector for agricultural products and price policies of State Economic Enterprises will be used to exert a favourable influence on income distribution.

b. MEASURES

During the Second Plan period, the policies indicated below shall be implemented to ensure realisation of the basic principles related to price policy.

(1) To ensure price stability, unnecessary expansion in total demand will be prevented and emphasis will be placed on financing investments, which are considered the basic factor in determining the rate of growth, through real savings. This basic principle will be carefully taken into consideration in the decisions to be reached by all organisations which prepare and implement the plans, as well as by all institutions that may have an influence in determining the money and credit policy.

Bottlenecks which may be foreseen in the supply of investment and consumer goods will be eliminated and price fluctuations will be prevented through measures to be taken whenever necessary

(2) The authority vested in the Government under the existing laws, establishes prices and price schedules for the basic goods and services produced by State Economic Enterprises and will be used to protect price stability.

In determining the prices of basic goods and services, the effect of such prices on the existence and growth of the basic industries, on the volume and distribution of investments in the economy and on the volume of production of sectors which use such goods and services as inputs, will be taken into consideration. Efforts will be made to ensure that the difference between the established price and the price formed in the market will not cause an unjust competition in favour of certain enterprises which use these goods and services as inputs in their production and to prevent the middleman from making an unjust profit.

Public economic organisations which produce basic inputs for the economy and which generally hold a monopolistic position, will make efforts to keep their cost price at the minimum level possible by making use of modern technology. These efforts will also help to ensure price stability.

(3) Support purchases will also be aimed at eliminating the unfavourable effects of fluctuation in the volume of agricultural products. The support purchase policy will thus prevent instability in the real income of producers and ensure utilisation of the arable land in a way most suitable and beneficial for the general economy. Fluctuation in the price of Turkey's export goods in foreign markets will also be prevented through this policy.

14. MONETARY POLICY

a. BASIC PRINCIPLES AND DEVELOPMENTS

(1) Principles

In the Second Plan period, the Monetary policy to be adopted will ensure the necessary growth for economic development as well as full and effective utilisation of resources and, consequently, will assist the realisation of established targets for each Sector. In reaching this objective, care will be taken to retain equilibrium in the general level of prices.

Inflationary and deflationary pressures which may appear in the short run will be watched closely and prevented through measures to be taken during the year. The short-term role of monetary policy in balanced development will be continued.

(2) Developments

The First Plan aimed at implementing monetary policy in such a way as to prevent the development of inflationary and deflationary tendencies which preclude the full utilisation and effective distribution of resources.

During the first year of implementation of the First Plan, no major problem arose in the realisation of monetary balance. Quantitative developments in money and credit were kept at a level to ensure relative price stability and balance in the economy. Deflationary tendencies which came about at the beginning of 1964 necessitated the use of monetary policy tools. These measures aimed at increasing the resources of banks which showed a decline mainly because of the liquidity preference of the public and at providing financing facilities for those branches of economic activities which were faced with financing difficulties. In 1965, money supply reached such a level as to impair the economic balance and, consequently, at the end of the year measures were taken to prevent a further increase in money supply. With the help of these measures, 1966 witnessed a balanced development. More detailed information on this subject is furnished in the section "Developments in Recent Years".

b. DEVELOPMENTS EXPECTED IN MONEY SUPPLY

Considering that projections on magnitudes related to money depend upon developments which cannot be estimated in advance and upon the psychological attitudes of the people, these projections are not imperative and should not be treated as objectives and targets, or as limits which should not be exceeded.

The volume of demand for money supply and the increase of money in circulation needed to meet this demand for the Second Plan period, were estimated within the basic framework of the economic system envisaged in the Plan. Developments expected in the demand for money and in the volume of money in circulation to meet these developments are indicated in Table 58 and are based on the money situation at the beginning of the period and on the assumptions that GNP will rise at a rate of 7 per cent per annum, that the foreign deficit will reach the levels indicated in the Plan and price stability will not be impaired.

TABLE 58 — Expected Developments in Money Supply

(Million TL)

	Demand for Money (1)	(%)	Money in Circulation	(%)	Quasi Money and Demand Savings Deposits	(%)
	(1)	(2)	(3)	(4)	(5)	(6)
1967	21 250	7.5	9 100	7.1	13 700	8.7
1968	22 850	7.5	9 700	5.4	14 850	8.8
1969	24 550	7.4	10 150	4.6	16 200	9.1
1970	26 350	7.3	10 700	5.4	17 650	9.0
1971	28 400	7.8	11 300	5.6	19 300	9.3
1972	30 600	7.7	12 100	6.2	21 100	9.3

(1) Demand for money covers the money in actual circulation, quasi money and demand savings deposits.

In calculating the increases in money in circulation which would conform to the expected developments in the demand for money, it has been assumed that the tendency toward using bank money will continue, rather than the use of cash money which accelerated the increases in money supply during 1965 and 1966.

In the course of the previous Plan period, a substantial part (more than 90 per cent) of resources created through increases in the volume of money in circulation, was utilised by the public sector. During the Second Plan period, the public sector will made use of the Central Bank resources to meet the short-term needs of the Treasury, within the normal development of the economy. Although in the long run it will be necessary to make use of the Central Bank resources in order to ensure an expansion in the volume of money and credit needed for development of the economy, a smaller part, compared to the previous period, of the increase to take place in the volume of money in circulation will be used by the public sector. When considering the amount of borrowing to be made by the State from the private sector and the effect of that part of these loans which would come from the banking system during the same period, it is estimated that the use of Central Bank resources by the Treasury will not impair the balance of the economy in an inflationary direction, provided that this use remains within reasonable limits. However, financing the public sector through deficit financing without impairing the monetary balance, requires the adoption of a suitable monetary and financial policy capable of eliminating imbalances and a close follow-up of the economic situation. During the Second Plan period, deficit financing will be used to counteract fluctuations in business activity and a more extensive use of Central Bank resources will be made during the periods of economic stagnation, while the opposite policy will be followed during the periods when the volume of demand increases excessively.

c. MEASURES

(1) Coordination in the implementation of the monetary policy will be realised through the formation of a "Council of Money and Credit", composed of representatives of the State Planning Organisation, the Ministry of Finance and the Central Bank. This Council will ensure coordination between the said organisations and function in an advisory capacity in making recommendations to the Council of Ministers in the field of Monetary policy.

(2) The Central Bank Law, which was enacted in 1930, is far from ensuring the implementation of an effective and flexible monetary policy needed for balanced development. In order to implement monetary policy effectively and in conformity with the principles foreseen in the Second Plan, the Central Bank Law will be modified as soon as possible according to the needs of current conditions. Relations between the Central Bank and the Treasury as well as between the Central Bank and the banking system will be reorganised in compliance with contemporary economic and financial concepts.

(3) To increase the efficiency and flexibility of monetary policy through open market operations, the following procedure will be adopted to increase money supply: The Treasury, instead of borrowing on short-term from the Central Bank, will itself issue short-term bonds and sell them to the banks, which in turn will be able to sell them to the Central Bank when deemed necessary.

(4) To ensure implementation by the banks of a credit policy conforming to the Plan targets, the control of the Central Bank over the banks will be increased, constant cooperation will be established between the banks and the Central Bank and measures will be taken to increase the influence of the Central Bank on the general policies of the banks.

(5) Measures will be taken to utilise public deposits as an instrument of monetary policy.

(6) A flow-of-funds accounting system will be established by the Central Bank and this system will be implemented parallel to the national income accounts.

(7) Money supply is the most important indicator in the implementation of monetary policy. However, under its present definition money supply cannot be considered a good indicator of developments in monetary policy. In order to redefine money supply in such a way as to enable international comparisons, the provisions of the Banking Law concerning the classification of deposits will be amended.

15. CREDIT

a. PRINCIPLES

At the beginning of the Second Plan period, the basic problems faced in the field of credit policy may be summarised as follows: The total volume of credits had not reached a level sufficient to meet the needs of the expending economy, available credits were not allocated to the most productive fields of the economy and the interest rates were not used as an effective instrument in the allocation of credits. The basic principles established to eliminate these difficulties and to accelerate economic development are indicated below:

(1) To achieve the general investment and production targets foreseen in the Plan without impairing economic stability, the volume of credits will be augmented according to the needs of the economy and for that purpose, credit resources will be increased to the required level.

(2) Credits will be directed towards those sectors whose development has been given priority in the Plan. Interest rates and the terms of credit will be distinguished according to the type of need.

(3) To ensure the effective distribution of credits among the various branches of economic activity, an organised credit system will be developed and efforts will be made to see that the greater part of credits are distributed through this system.

The following measures will be taken during the Second Plan period to implement these basic principles.

b. POLICIES

(1) Increasing Banks Resources

(a) To increase the resources of the Banking system, idle savings will be mobilised, savings will be made more attractive and the system of payment by check will be expanded by taking all the necessary measures.

(b) To ease formalities for the tax payer and to augment resources of the banking system, banks also will be entrusted with the collection of taxes.

(c) Easier conditions will be created for banks to obtain long-term funds by issuing bonds.

(2) Interest

(a) To accelerate the increase in savings deposits and to reduce the cost of bank money:

(i) Conditions encouraging time deposits will be created,

(ii) The interest rates on deposits will be regulated within a system capable of creating conditions for an effective increase in deposits. Conditions which may necessitate a change in the interest rates will be taken into consideration.

(b) Interest and discount rates will be used to ensure the distribution of credits according to the Plan targets.

(c) Resources required for the fund to be established to meet the difference between the normal and special rates of interest to come about as a result of the selective credit policy to be implemented in those sectors and regions whose encouragement is foreseen in the Plan and Programmes and the unavoidable risks to occur as a result of this policy, will be met by special funds to be allocated from the Budget.

(3) Classification of Deposits

Deposits will be reclassified to enable the utilisation of deposits as a dependable source within the banking system.

(4) Organisational Measures

(a) Central Bank

(i) Close relations will be established between the Central Bank and the banking system in order to render the Central Bank more effective in control of the credit policy.

(ii) The rediscount policy of the Central Bank will be revised to ensure the development of sectors which are given priority by the Plan.

(b) Other Organisations

The establisment of new credit institutions will be discouraged unless new resources possessing a high growth potential are found. The limited funds available will be used for special purposes through existing institutions.

(c) Unorganised Credit Market

Measures will be taken to prevent the utilisation of banking system credits in feeding the unorganised credit market. An effective control system will be established to eliminate the heavy pressure and unfavourable effect of the unorganised credit market on investments and production, in particular.

(5) Deposit Insurance

The high rate of increase in advances made by the Central Bank to the "Banks Liquidation Fund" established under Law 153 has necessitated revision of the system. With the short-term measures to be taken, only depositors with the banks will make use of this fund and a "deposit insurance system" will be established in any case during the Second Plan period.

(6) Working Capital Credits and Medium-Term Credit

During the Second Plan period, working capital credits will be raised to a level sufficient to meet the needs of increasing economic activities and a medium-term credit system will be created. Facilities needed by the banking system for medium-term credits will be made available by the Central Bank which pursue an incentive policy to this effect.

(7) Credit Control

(a) Efforts will be made to ensure that the "Bank Credits Regulating Committee" will review the distribution of bank credits within a short period of time and will take the necessary measures concerning this subject.

(b) Measures will be taken to render the Central Bank more effective as regards credit control.

(8) Statistics

To ensure the implementation of a more effective policy to increase the resources and investments of banks, detailed statistics will be prepared jointly by the Central Bank and the State Statistical Institute to enable evaluation of the deposits and investments not only as to the absolute volume, but also as to percentages and resources.

16. POLICIES TO ENCOURAGE PRIVATE ENTERPRISE

Achievement of the general targets foreseen in the Second Plan. which places great emphasis on stimulating and promoting the enterprising potential of individuals, depends on the private sector's ability to achieve the expected development. The measures required for realisation of the objectives set forth in the Plan for the private sector are prescribed of in the pertinent sections of the Plan. The fundamental principles of the policy to encourage private enterprise are explained below.

a. PRINCIPLES

(1) Private sector investments will be encouraged within the framework of the economic and social principles of the Plan.

(2) The existing measures to encourage the private sector will be coordinated, formalities will be simplified and a rapid and clear system of implementation will be established.

b. DEVELOPMENTS AND PROBLEMS

Encouragement measures in economic and financial fields, whether of a general or of a specific nature suitable for certain conditions, have been oriented towards ensuring the realisation of the investment and production targets set forth in the Plan

Investment reduction, tax rebates in exports, accelerated amortisation systems, changes in customs tariffs and the payment of certain taxes and duties in installments, have been included in tax legislation and these systems and methods have begun to be implemented to encouarge the activities of the private sector in conformity with Plan targets.

Of these encouragement measures, those implemented the most extensively have concerned investment credits, the payment of customs duties and taxes in installments and tax rebates on exports. Indeed, by the end of 1966, approximately TL 1 066 million of investments made by entrepreneurs out of their capital stocks benefited from the advantages introduced by the system of investment credit and the collection of approximately TL 182 million of taxes and duties related to imports were postponed for payment in installments. During the period 1964 through 1966, approximately TL 115 million was returned to the parties concerned under the system of tax rebates on exports which was adopted to encourage the export of industrial products.

The principal difficulties faced in the implementation of encouragement measures during the First Plan period may be summarised as follows. The failure to disseminate extensive information to entrepreneurs concerning the special encouragement measures; the utilisation of the measures by only a limited number of enterprises which possess a capacity over a certain level and which are located in certain places; in some cases, the encouragement measures provided rewards for certain people only without benefiting the country; the loss of time and the difficulties encountered by those acting to make use of the encouragement measures because of the numerous formalities and the large number of agencies authorised and responsible for implementation of the measures.

c. MEASURES

(1) Measures to be Taken in the Field of Credits

(a) The banking system will be reorganised to meet the short-term and long-term credit requirements of the private sector. The role of the Central Bank on this subject will be defined clearly. Long-term credit requirements will be met partly through the resources of the Private Sector Investment Bank to be established.

(b) During the Second Plan period, a selective credit policy will be widely used to encourage industry.

A special rediscount rate will be applied by the Central Bank to industrial bills which benefit from the selective credit policy.

Special funds will be established by the credit institutions for implementation of the selective credit policy. Industrial enterprises and investors found eligible to benefit from this policy will make use of these funds. Investments to be made in the regions which are selected for industrial development will benefit from similar incentives more extensively.

(c) In order to reduce the burden of guarantees on industrialists, in particular, and to enable them to easily obtain credits by pledging their industrial machinery and equipment, the laws concerning the pledging of enterprises and movable property mortgages will be drafted as soon as possible. Moreover, efforts will be made to put the credit insurance system into operation.

(d) In order to meet the need of industry for working capital credits, funds to be set aside by the Public Social Insurance Organisations will be distributed among the investors through the intermediary of the Private Sector Investment Bank to be established.

(e) Owing to the fact that the banks extending credits to the investors are located in Istanbul, investors residing outside of Istanbul are having great difficulty in making use of these credit facilities. Therefore, the institutions which extend credits to the private sector will be encouraged to function outside of Istanbul as well.

(f) Project credits will be used to meet the foreign exchange requirement of the private sector investments.

(g) Financing of the projects to be introduced by the private sector which are found to be in conformity with the Plan targets will be facilitated.

(2) Financial Incentive Measures

(a) Various incentive measures included in the fiscal legislation during the First Plan period will continue to be implemented and the shortfalls in these measures will be removed.

Measures will be taken to avoid the double taxation in two different countries of companies benefiting from the Foreign Capital Encouragement Law.

(b) Measures will be taken to ensure a more extensive and effective implementation of the private sector incentives, to simplify pertinent formalities and to reduce the time-limit required for the examination of requests made by those desiring to benefit from incentives, through the issuance of a single document after the evaluation of projects.

(c) Incentives which are not found to be useful will be discontinued and thus an effective but simple and clear system will be established.

(d) A special programme will be designed for the under-developed regions.

(3) Measures Related to Marketing

The development of domestic and foreign markets and the effective protection of domestic markets, when deemed necessary, are considered the basic conditions for the promotion of industrial production.

Incentives already adopted in the field of customs and foreign trade policy for the protection of domestic production against the competition of foreign industrialists, will continue to be effectively implemented.

(4) Export Incentives

The necessary support will be given to the industrialists and exporters in their activities to make Turkish products well known in foreign markets and to promote the export sale of these products.

Efforts will be made to promote international contacts. The establishment of exporters unions will be encouraged and measures will be taken to ensure the organisation of these unions into federations and confederations.

The tax rebate system being implemented in the exportation of industrial products will be simplified and its coverage expanded.

(5) Measures Related to Industrial Areas

During the Second Plan period the question of industrial areas will be taken up thoroughly. In order to solve this problem the establishment and development of organised industrial areas will be encouraged.

(6) Training Entrepreneurs and Other Personnel

Emphasis will be placed upon furnishing entrepreneurs with basic knowledge on management, helping them in the selection of fields of investment, providing them with the necessary statistical data on investments and production, increasing their knowledge on marketing and upon organising offices to assist them in the preparation and implementation of projects.

Programmes adopted by the public sector for training technical and qualified personnel, the shortage of whom is strongly felt in the development of industry, will be reviewed; the private sector will be held responsible for participating in the training efforts of the public sector and coordination will be established between the two sectors on this subject.

(7) Other Incentives

Measures to be taken on subjects such as project preparation, processing, compulsory standards and quality control which adversely affect the development of private sector investments and production, will be implemented in a coordinated and integrated manner.

17. BALANCE OF PAYMENTS AND FOREIGN ECONOMIC RELATIONS

a. PRINCIPLES

The basic long-term target extending beyond the Second Plan is to enable the economy to achieve the planned growth rate through its own resources. Realisation of this target depends upon two basic conditions: (1) Investments required for the attainment of this growth rate must be financed wholly through domestic savings; (2) Foreign exchange receipts must be increased to the level foreseen in the Plan.

To achieve the objective of reducing the dependence of Turkey on foreign resources, the Second Plan sets the following principles:

(1) All export opportunities will be thoroughly and rapidly appraised. In the distribution of investments among the various activities of the economy, priority will be given to export-oriented activities.

In order to encourage and accelerate the exportation of industrial products, export-oriented industries will be developed or their development encouraged. Maximum use will be made of opportunities related to the exportation of processed agricultural products. Efforts will be made to further promote the exportation of Turkey's traditional agricultural products.

(2) The most effective utilisation of scarce foreign exchange resources will be ensured by placing emphasis on import substitution in the fields considered economically suitable and particularly in those fields based on natural resources.

(3) The scarce foreign exchange resources will be directed to the economic activities which are directly related to economic development. The import of luxury consumer goods will be avoided.

(4) In view of the necessity to realise the level of imports required to reach the growth rate established as a target in the Plan, the continuation of principal and interest payments on the old and new loans made and the insufficient domestic savings, Turkey will continue to need foreign resources in the form of development credits during the Second Plan period. Therefore, foreign aid in the form of development credits with long maturities, low interest rates and grace periods will be sought.

(5) Private foreign capital will be given emphasis as an additional source of savings, foreign exchange and technology, and will be directed to the fields most advantageous for the Turkish economy. Efforts will be made to make private foreign capital accepted in the branches of industry which cannot be undertaken by Turkish entrepreneurs due to the insufficient technical know-how, experience and capital. The inflow of foreign capital into economic activities which are not foreseen in the Plan or Programmes, or which are likely to stimulate trends in domestic consumption, will not be permitted.

(6) Foreign exchange reserves will be increased to eliminate bottlenecks in imports caused by periodic delays, by the seasonal imbalances between foreign exchange receipts and expenditures and to ensure the continuity of imports.

(7) Efforts will be made to improve the terms of foreign trade in Turkey's economic relations, in particular with the advanced industrial countries.

b. MEASURES

The fundamental features of the policy measures concerning the balance of foreign payments to be followed during the Second Plan period are summarised below:

(1) Incentive Measures Related to Exports

a. In order to raise foreign exchange receipts to the expected level, the existing structure of exports will be changed to rapidly increase the export of industrial products. To realise this objective:

(i) The establishment of export-oriented industries will be encouraged and given priority.

(ii) The selection of projects, and particularly of the technology to be employed, will be made after taking into consideration the cost structure, the possibility of competing with world prices and high quality standards, since a rapid increase in the export of industrial products depends on the establishment of industries capable of competing in foreign markets.

(iii) Particular emphasis will be placed on the establishment of the industries dependent on agriculture which show potential. The export of processed agricultural products will be encouraged.

b. Although export possibilities have increased, demand from abroad is still inadequate. To improve this situation, new markets will be sought, the existing ones will be expanded and market research studies will be developed.

c. In order to increase the demand for Turkish products in foreign markets, emphasis will be placed on manufacturing uniform products according to set standards and on producing and packing goods of the quality desired in foreign markets.

d. Although the effective utilisation of export earnings in the development effort necessitates that exports be made against free foreign exchange, the bilateral trade agreement system will continue to be employed in order to find new markets to raise the export potential, to increase the demand for Turkey's goods in these markets and to deplete the accumulated stocks in the country. However, measures will be taken to reduce the disadvantages of this system. The maximum effort will be made to avoid the disadvantages stemming from the fact that countries having a monopolistic system can select their own business partners in Turkey.

e. An export-oriented system will be developed as regards the credit policy, which is considered an important tool in the promotion of exports. Exporters will be supported through the implementation of an effective medium and long-term credit policy.

f. In order to prevent losses in foreign exchange earnings as a result of unneccessary internal competition between exporters, the private sector will be encouraged to coordinate their activities within the sector or, when deemed necessary, with the public sector.

g. To eliminate the difficulties connected with export promotion, efforts will be made to organise the exporters. The Export Promotion Centre, in particular, will be reorganised to assist the promotion of exports. Cooperatives and unions established or to be established by exporters will be supported and encouraged.

h. To enable exporters of finished products to export under equal competitive conditions, efforts will be made to initiate a system of "Export Insurance"'.

i. When deemed necessary, counter-measures will be taken against countries applying discriminatory treatment against the export goods of Turkey and this subject will be followed-up with great attention as to both de jure and de facto detail.

k. Commercial and marketing information needed by exporters to promote exports will be furnished by a centralised office.

(2) Incentive Measures Related to Imports

(a) The allocation of the scarce foreign exchange resources to meet development-oriented needs requires the implementation of a restrictive import system and continuation of the system related to "liberalised imports" and "the list of import goods subject to allocation", for still some time. This system will be implemented effectively and in conformity with the priorities established.

(b) In the implementation of the import system, the actual need for imports will be taken into consideration. Imports of speculative nature will be avoided. For this purpose, the present distribution system will be revised.

(c) Keeping in mind the necessity for the protection of newly established or developing branches of industry, imports will be restricted over a period of time specified in advance, when deemed necessary, and the possibility of importing goods outside the system will be avoided. This protection, however, will not be extended to the branches of industry which are not likely to gain a competitive position in the future.

(d) The import system will be adjusted according to the industrial policy to be developed for the substitution of imports, and foreign exchange savings will be increased through import substitution.

(e) In order to prevent increases in the cost of industrial products, emphasis will be placed on the price and quality factors in imports, particularly those of raw and auxiliary materials.

(3) Incentive Measures Related to Invisible Transactions

a. Turkish workers in foreign countries will be encouraged to increase their savings. Measures will be taken to ensure the transfer of a greater portion of workers' savings into Turkey through official channels, in the form of free foreign exchange.

b. Measures will be taken to increase foreign exchange resources related to port services, freight, insurance, commissions and other services. An effective organisation in the transportation services, in particular, will be established.

c. Measures to be taken in the field of tourism are explained in the pertinent section.

(4) Incentive Measures Related to Foreign Exchange Reserves

(a) Considering that fluctuations in foreign exchange receipts and the uncertainties resulting from these fluctuations, cause, (i) a rise and fall in the volume of foreign expenditures made for imports and consequently in the volume of investments and production based on imports, (ii) instability in the general level of prices, and (iii) instability and bottlenecks in the economy in general, an adequate amount of foreign exchange will be maintained.

b. In addition to the foreign exchange reserves generated through own resources, the possibility will also be sought to make use of foreign resources to this effect.

c. During the last year of the Second Plan period the foreign exchange reserves will be increased to a level corresponding to approximately 20 per cent of the total annual imports.

(5) Measures Related to Customs and Foreign Exchange Control

a. Industrialisation efforts, which will gain force during the Second Plan period, will be supported through customs protection measures. However, efforts will be made to ensure that this protection, which will be such as to give a competitive position to domestic industry within a certain period of time, does not cause an increase in prices or create monopolies.

b. In the implementation of these protective measures which will be directed to the branches of industry capable of creating an import substitution, the cost prices will be taken into consideration and efforts will be made not to extend, under any circumstances whatsoever, this protection to branches of industry which are not likely to achieve a competitive position in the long run.

c. The breakdown of customs tariff rates will be made according to such categories as raw materials and finished products, on the one hand, and consumer goods, investment goods and raw materials, on the other, and different rates will be applied according to this breakdown.

d. Foreign exchange restrictions, which were necessarily introduced because of the limited amount of foreign exchange resources, will continue during the Second Plan period as well. However, efforts will be made to ensure that these restrictions are of a nature to increase receipts and that foreign payments are made according to established priorities.

(6) Measures Related to Foreign Debts

a. The realisation of the investment and development targets foreseen in the Second Plan depends on obtaining foreign credits in the amount projected for the period 1968 - 1972. However, the nature of the foreign credit to be obtained is closely related to the viability of the Turkish economy in the long run. Therefore, during the period in question, credits of a developmental nature only will be utilised.

b. Considering that project credits cause delays in the realisation of projects having priority in the economic development, programme credits will be preferred in meeting the foreign aid requirement.

c. All measures possible will be taken rapidly in order to avoid delays in obtaining and utilising foreign credits, particularly in cases when it is necessary to utilise project credits.

c. POLICIES RELATED TO INTERNATIONAL ECONOMIC INTEGRATION AND ORGANISATIONS

Following the Second World War, international economic integration and other kinds of international economic relations gained importance and weight, parallel to the emphasis placed on economic development and industrialisation.

Economic intergration enabling the free flow of factors of production and the expansion of markets have so far been successful, provided that this integration is among the proper countries and under suitable conditions.

The establishment of various kinds of economic relations among different countries to accelerate their economic development and to protect their own economic interest has also developed rapidly and gained importance.

The basic policies to be followed during the Second Plan period in connection with these developments are summarised below:

1. Economic Integration

During the Second Plan period the Turkish economy, which does not have a self-supporting and viable character, will continue its relations with foreign countries, international organisations and economic communities with which it has established association links under certain conditions. The relations in question will be expanded and strengthened in compliance with the Plan targets and national interests.

The agreement establishing an association between Turkey and the European Economic Community, which was signed in Ankara on September 12, 1963 and which entered **de jure** and **de facto** into force on December 1, 1964, will gain great importance in every way during the Second Plan period.

The duration of the "Preparatory Period", which is the shortest period foreseen in the Agreement, will be completed toward the end of 1969. However, if Turkey cannot strengthen its economy at a level needed for passage into the "Transitory Period" within the short time limit established, the Preparatory Period will be extended for an additional period of six years. In the course of the Preparatory Period Turkey will strengthen its economy with the aid of the Community in order to be able to assume the commitments which shall devolve on it in the course of the Transitory and Final Periods.

During the past three years of the Preparatory Period, the European Economic Community reached a decision on July 1,1968, to remove the barriers on industrial products and to pass into a single market and price regime. At the same time, the Community decided to include agricultural products in a joint regime. These decisions have created the necessity for Turkey to make a greater effort to strengthen its economy during the Preparatory Period.

The preparatory work initiated in various fields to strengthen the Turkish economy at the desired level will be followed up closely and effective measures will be taken and implemented within the overall economy. For this purpose, the preparatory work and research will be coordinated under the auspices of the State Planning Organisation.

The possibility of finding markets for various industrial products within the framework of the RCD (Regional Cooperation for Development) established betewen Turkey, Pakistan and Iran, and of increasing foreign trade with these two partners will be emphasised.

It is expected that exports will reach a high level during the Second Plan period. Although more emphasis will be placed on exports to free trade areas in accordance with foreign exchange needs, relations with countries with which Turkey is connected by bilateral agreements will be continued in the Second Plan period.

2. OTHER ORGANISATIONS AND CONFERENCES

Turkey will follow a policy to encourage the promotion of its exports in line with the studies which have started in connection with UNCTAD and the Kennedy Round to develop international trade by removing the various obstacles and particularly to increase the export possibilities of underdeveloped countries.

The ties and coordination which were established some time ago with the OECD, the IMF and other institutions, will be continued. The support required, particularly for balance of payments purposes, will be sought from these sources.

SECTION VI

THE HUMAN FACTOR IN ECONOMIC DEVELOPMENT

EMPLOYMENT

1. PRINCIPLES

a. Employment, defined as the active population participating in production, emerges as an important factor and problem in economic and social development. However, time is essential to solve this problem. The solution does not only mean taking care of the yearly increase of manpower. It is necessary to create constantly increasing employment opportunities to reduce the present open and disguised unemployment and to secure employment for those who seek new employment as the result of the economic growth of Turkey and demographic, economic and social changes. With this concept in mind, during the 1968 - 1972 period efforts to create employment will be treated as a result of the rapid growth of the economy and will not be considered as an independent goal outside the general development. During this period, employment will be promoted to its maximum in proportion with the increasing work opportunities which result from realisation of the annual development rate and also from expansion of the volume of economic and social activities achieved with full employment.

b. By placing emphasis on industrialisation during the Second Plan, more employment possibilities will be created in the cities. Development of the economy within the 7 per cent rate of growth will be supported to increase employment by special measures and particular effort will be made for the areas where the unemployment problem is the greatest to increase employment and reduce unemployment.

2. THE GENERAL SITUATION

a. DEFINITION OF THE EMPLOYMENT PROBLEM

In the economically under-developed countries, the reasons of and solutions for unemployment are different from those in other countries. In the developed countries the problem generally arises from a low level of effective demand and from unutilised capacity. However, in under-developed countries the unemployment problem arises not from a high propensity to save, but from the lack of it.

Moreover, it is not of a cyclical nature, but has a permanent character. This problem reveals itself both as under-employment and disguised unemployment in the agricultural sector and as open unemployment and low production in the non-agricultural sectors. With these features, the problem can only be solved on a long-term basis and it has economic as well as social significance. The ratio of the increase in employment and its distribution among sectors affects the income distribution in an economy with a low level of employment. Open unemployment causes a reduction in wage levels and consequently aggravates income distribution. Open unemployment in the cities indicates the limitation of employment possibilies in the villages. A shortage of manpower takes place in some regions during the seasons when agricultural activities are heavy, yet the number of those who have no permanent employment in agriculture for the greater part of the year is still high. These are the seasonally unemployed — they make up the total amount of unutilised productive manpower together with those who are unemployed the whole year, including during the agriculturally active seasons. Economic growth and solution of the employment problem will be achieved when this manpower, which makes a very small contribution to production, is used to its fullest extent. Seasonal unemployment in agriculture is more significant than permanent unemployment throughout the seasons, when it is considered from the standpoint of unutilised capacity. Utilisation of this source will not only solve the unemployment problem to a certain extent, but it will also aid in securing a high level of production by a smaller capital. This, more than anything else, is a problem of technology.

b. DEVELOPMENT TRENDS

Though a census has been taken since 1927, complete and comparable figures on employment are available only since the 1955 census and, therefore, the employment status of the population can be analysed only from that date. Growth of the working population in various sectors is shown in Table 59.

During the period 1955 - 1962, the total increase in manpower employed was approximately one million. Of this increase, 27 per cent occurred in agriculture, 35 per cent in industry and 38 per cent in the services sectors. Within individual sectors, the increase in employment was 3 per cent in agriculture, 36 per cent in industry and 39 per cent in services. The different percentage increase in employment in each sector has altered the percentage distribution of the total number of persons employed during this period. Persons employed in the agricultural sector made up 82 per cent of the total in 1955, whereas this ratio dropped to 78 per cent in 1962.

The services sector, which made up 9 per cent of the total in 1955, increased to 11.5 per cent in 1962. Developments during the 1962 - 1967 period are shown in Table 60.

The total increase in employment between 1963 and 1967 was 1,215,400 people. Of this figure, 213,100 were in the agricultural sector. The figure foreseen in the First Plan was 700,000. Since progress in Turkey's agricultural sector depends on proper utilisation of the present resources rather than on expansion of cultivated areas, creation of employment in agriculture is limited. Although the actual increase in employment is lower than the Plan target it merely means that agricultural production could not reach the estimated figure. However, this

TABLE 59 — Sectoral Distribution of the Employed Population (1955 - 1967) (In Thousand)

Sectors	1955 (1)	1960 (2)	1962 (3)	1963 (4)	1964 (5)	1965 (6)	1966 (7)	1967 (8)	Percentage Development During 1963 - 1967 Period (9)
Agriculture	9,446.1	9,737.5	9,726.9	9,853.3	9,843.5	9,767.7	9,901.4	9,940.0	2.2
Industry	805.2	977.5	1,048.4	1,124.9	1,151.9	1,196.6	1,304.2	1,423.9	35.8
Construction	200.2	290.1	319.2	338.7	349.2	378.8	414.5	472.0	47.9
Trade	341.0	403.8	417.5	434.6	452.8	470.5	490.7	498.0	19.3
Transportation	189.8	246.8	252.5	269.4	282.9	301.0	321.2	339.0	34.3
Services	496.3	676.8	759.0	808.4	866.6	935.9	1,003.3	1,066.0	40.4
Total	**11,478.6**	**12,332.5**	**12,523.5**	**12,829.3**	**12,946.9**	**13,047.5**	**13,435.3**	**13,738.9**	**9.1**

Source : State Planning Organisation

Note : In the census, employees whose vocations are unknown have not been included.
The employed population of 15 years and older is shown.

difference was greater than effected because the estimated increase of employment in the First Plan, which had been based on a one per cent sampling of the 1960 census, proved different when definite results were taken. Comparison of the increase in working population is shown in Table 61.

The increase in employment in the industrial sector during the 1963 - 1967 period was 375,500 people, going beyond the estimated increase in the First Plan of 316,000. The estimated increase of 890,000 people in the Services Sector was realised as 474,000. This situation has led to results different from the estimates as to the distribution of employment among sectors.

TABLE 60 — Sectoral Percentage Distribution of the Employed Population (15 Years and Over) 1962 - 1967

Sectors	1962 Distribution	1967 Distribution
	(1)	(2)
Agriculture	77.7	72.3
Industry	8.4	10.4
Construction	2.5	3.4
Trade	3.3	3.6
Transportation	2.0	2.5
Services	6.1	7.8
TOTAL	100.0	100.0

Source : State Planning Organisation

TABLE 61 — Comparison of the Estimated and Realised Figures of Increase in the Employed Population According to the First Plan (15 Years and Over)

(In Thousand)

Sectors	First Plan Estimates		Realisation		Difference
	Figure	Percentage	Figure	Percentage	
	(1)	(2)	(3)	(4)	(5)
Agriculture	700.0	33.2	213.1	17.5	— 486.9
Industry	316.0	14.9	375.5	30.9	59.5
Construction	204.0	9.6	152.8	12.6	— 51.2
Services	890.0	42.2	474.0	38.9	— 416.0
Total	2,110.0	100.0	1,215.4	100.0	— 894.6

Source : State Planning Organisation

TABLE 62 — Percentage Distribution and Increase of the Employed Population in Three Major Sectors (15 Years and Over) (1962 - 1967)

Sectors	First Plan Estimates			Realisations During the Same Period		
	1962	1967	Percentage During 1962 - 1967	1962	1967	Percentage During 1962 - 1967
	(1)	(2)	(3)	(4)	(5)	(6)
Agriculture	77.4	71.1	7.1	77.7	72.3	2.2
Industry	9.8	11.9	41.6	10.9	13.8	38.6
Services	12.8	17.0	54.6	11.4	13.9	33.2
Total	100.0	100.0	11.7	100.0	100.0	9.1

Source : State Planning Organisation

The total increase in employment according to the First Plan estimates should have been 2,100,000 people, but only 1,215,000 was realised. This difference resulted from the small increase in the volume of manpower in the agricultural and services sectors during the 1963 - 1967 period. An increase in employment is related to the technology used and the productivity of the sectors. There are differences in the rates of increase in productivity among the sectors during recent years.

The sectors which have a high rate of increase in productivity usually apply capital intensive technologies. The productivity increase in these sectors resulted from the high rate of growth in spite of the limited creation of additional employment. Since it is usually necessary to apply modern technologies in these sectors, the capital/manpower ratio is kept low and the means of creating more employment opportunities is limited. Such sectors are: petroleum and coal products, machinery (except electrical machinery), mineral smelting, basic metals, metal products and paper. During the 1965 - 1967 period, the approximate annual percentages of production increase in the above named sectors were, respectively: 17, 7.5, 8 and 7. It was 1.5 per cent in trade and banking and 2 per cent in transportation. The production increase remained approximately 3 per cent in agriculture. In other sectors, the rate of increase varied between 2 and 5 per cent. The highest employment rate was realised in the services sector.

3. PROGRESS OF EMPLOYMENT (1968 - 1972)

a. AGRICULTURAL SECTOR

The seasonal changes in manpower demand and unemployment between the years 1962 and 1972 are shown in Table 63.

The minimum level of unutilised manpower which continues throughout the year is disguised unemployment. The volume of unutilised manpower, (Table 63), during the July-August period when manpower demand is at a maximum in agriculture, shows this figure. The maximum manpower demand and supply and the disguised unemployment in agriculture during the 1967 - 1973 period, is shown in Table 64. The important problem concerning employment in agriculture is not disguised unemployment, but is the unutilised manpower which is not liberated from agriculture by today's technology though it is unused during the greater part of the year.

TABLE 63 — Seasonal Labour Force Requirements and Unemployment Levels in the Agricultural Sector

(In Thousand)

Seasons	December — February		March — May		June		July — August		September — November	
	1967	1972	1967	1972	1967	1972	1967	1972	1967	1972
Products	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Crops (1)	520	558	2,410	2,442	2,428	2,829	7,435	8,095	3,195	3,601
Crops (2)	(6,691)	(7,172)	(3,334)	(3,378)	(2,428)	(2,829)	(7,435)	(8,095)	(3,414)	(3,847)
Livestock	1,763	1,894	2,015	2,184	2,001	2,180	1,738	1,930	1,530	1,651
Total Manpower Requirements (3)	2,283	2,452	4,425	4,625	4,429	5,009	9,173	10,025	4,725	5,252
Unutilised Manpower	7,800	7,686	5,658	5,513	5,654	5,129	910	113	5,358	4,886

(1) Calculations are based on a 45 hour work-week.

(2) In the above months the workable days are estimated. (In the table, according to seasons, respectively : 6, 57, 26, 53, 73 days)

(3) Total manpower supply is shown in Table 64.

Note : The analysis essential for manpower demand is made separately for the different agricultural regions.

Source : State Planning Organisation

TABLE 64 — Maximum Seasonal Manpower Demand and Supply and Disguised Unemployment in Agriculture (1967 - 1972)

(In Thousand)

Demand, Supply and Unemployment / Years	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
Maximum Seasonal Manpower Demand	9,173	9,350	9,510	9,680	9,850	10,025
Manpower Supply	10,083	10,151	10,163	10,143	10,154	10,138
Disguised Unemployment	910	801	653	463	304	113
Percentage of Disguised Unemployment	9.9	8.6	6.9	4.8	3.1	1.1

Source : State Planning Organisation

b. NON-AGRICULTURAL SECTORS

The manpower demand in the non-agricultural sectors between 1967 - 1972 is shown in Table 65.

TABLE 65 — Manpower Demand in Non-agricultural Sectors (1967 - 1972)

(In Thousand)

Sectors	Yearly Increase in Manpower Demand (%) (1)	1967 (2)	1968 (3)	1969 (4)	1970 (5)	1971 (6)	1972 (7)
Mining	11.3	120	134	148	164	181	201
Manufacturing Industry	8.6	1,263	1,369	1,488	1,618	1,761	1,919
Energy	14.9	41	47	52	59	67	75
Construction	7.0	472	505	540	578	619	662
Trade	3.4	498	515	533	551	569	589
Communication	5.3	339	357	376	396	417	439
Services	5.2	1,066	1,122	1,180	1,241	1,306	1,374
Total		3,799	4,049	4,317	4,607	4,920	5,259

The unemployment ratio in the non-agricultural sectors, based on manpower supply estimates for the years 1967 to 1972, is shown in Table 66.

TABLE 66 — Manpower Demand and Supply and Unemployment in the Non-Agricultural Sectors (1966 - 1972) (In Thousand)

Years Demand, Supply and Unemployment	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
Supply	4,198	4,449	4,730	5,037	5,369	5,729
Demand	3,799	4,049	4,317	4,607	4,920	5,259
Unemployment	399	400	413	439	448	470
Percentage Unemployment	9.5	9.0	8.7	8.5	8.3	8.2

Source State Planning Organisation

During the 1967 - 1972 period, the unemployment ratio in the non-agricultural sectors will decrease from 9.5 per cent to 8.2 per cent. This achievement depends on the realisation of the estimated economic development in the non-agricultural sector and the absence of new factors which would increase the ratio of population movements from the agricultural to non-agricultural sectors. Therefore, the necessity of increasing employment in the non-agricultural sectors emerges as an important factor.

4. POLICIES TO BE APPLIED

a. Emphasis will be given to sectors which have high employment potential, to raise the employment level and reduce unemployment. In addition, in all sectors high priority will be given to projects which offer many employment opportunities and which would save capital and create employment without increasing production costs. Research on the selection of technology will continue in order to attain the desired development in this area. Taking into consideration the capital/manpower and capital/production coefficients and the utilisation period of different technical equipment, research will be directed to find the maximum employment-creating types of equipment without hindering the productivity of the investment and to find the most productive type of construction according to the same criteria.

b. The utilisation of unused manpower in agriculture is the principal problem. Developing handicrafts as an auxiliary income source, along with the application of technology in agriculture in order to utilise more manpower and change the crop types, could partly solve this problem. The policies to be followed are explained in the section on "Village Problems".

c. Work opportunities will be created and encouragement measures will be adopted to utilise the unused capacity in both the agricultural and non-agricultural sectors.

d. Exportation of manpower to foreign countries reduces the pressure of the employment problem. The policy to be implemented on this subject is explained in the section on "Labour Problems".

e. Application of the above listed programmes for creating employment will be particularly emphasised in regions where the unemployment problem is acute.

Forest villages will be given priority in this respect.

LABOUR PROBLEMS

1. OBJECTIVES

a. To correct the economic and social imbalance of the groups whose incomes consist merely of their salaries and those who are self-employed, their employment conditions will be improved, their social security and education will be secured and they will be encouraged to obtain their own rights by organising within the system foreseen by the Constitution.

b. Efforts will be made to raise the lowest wage level to a point where the worker's subsistence and prosperity can be secured. The real increase in the lowest wage levels will be in proportion to the increase in productivity so that wages will not impede progress and upset economic stability. With this understanding, the wage policy will be used as a tool to maintain an equitable income distribution and to increase the means of employment.

c. The working conditions of wage earners or self-employed persons in agriculture, small handicrafts and services, will be improved.

d. Securing the participation of workers in solving various problems arising as the consequence of today's employer/employee relations, depends on the scale and strength of their unions. Efforts will be made to expand and to strengthen unions. The employer/employee relationship will be encouraged to develop in mutual understanding and co-operation.

e. The reasons which cause workers to seek temporary employment abroad are still continuing. Efforts will be made to secure good working and living conditions and to create new opportunities for workers abroad. The exportation of manpower will not be made a permanent policy and measures will be adopted to keep qualified manpower that can aid development. The close interest of the State in workers abroad will be secured and efforts will be made to meet the needs of these workers.

f. On-the-job training of workers abroad, transfer of workers' savings from abroad, directing these savings into profitable investments and the development of organisations to facilitate the worker's travel to and from the country, will be secured.

g. Measures will be taken to insure that the workers going abroad should be from areas where unemployment is acute and from the agricultural sector so that they can receive the necessary training required for the transition from agricultural into non-agricultural sectors.

2. GENERAL SITUATION

a. WORKERS IN NON-AGRICULTURAL SECTORS

The "Labour Law" covers the security of wage levels, the determination of the minimum wage levels, seniority compensation, work hours, protection of women and adolescent workers, job security and health of workers and work and collective/bargaining agreements. Agricultural workers and some workers in the non-agricultural sector, are not covered by this law.

Separate laws have been passed for printing-press workers and crewmen because of their particular needs. The number of workers who benefit from the Labour Law are shown in Table 67.

TABLE 67 — Number of Workers Benefiting from the Labour Law (1937 - 1965)

(In Thousand)

Years	Male Workers (1)	Female Workers (2)	Adolescent Workers (3)	Total (4)
1937	—	—	—	180
1947	217	51	21	289
1950	283	65	26	374
1955	494	79	32	605
1960	721	93	25	839
1961	759	99	24	882
1962	793	101	24	918
1963	865	100	25	990
1964	921	105	25	1,047
1965	961	110	25	1,096

Source : Ministry of Labour

There is an imbalance in work conditions, job security, training and organisation between the employees working in the various branches of the public services and banks and the workers of other services as well as between the various groups of the other services. Although the "State Employees Law" of 1965 had regulated the working conditions in some of the public services to a certain extent, it did not reflect the manpower policy of Turkey and is being restudied. The educational level of employees in public organisations of the General and Annexed Budgets reveals the problem in this area. Table 68 shows the low educational level of the workers, the importance of on-the-job training and the benefits of a secondary education.

TABLE 68 — Distribution of Workers Who are not Labourers According to Their Educational Level Among the Public Organisations of the General and Annexed Budgets

Educational Level	General Budget	Annexed Budget	Total
	(1)	(2)	(3)
Illiterate	27,481	4,765	32,246
Primary Education	57,288	13,171	70,459
Secondary Education			
First Level	23,825	4,520	28,345
Second Level	86,611	4,202	90,713
Total	110,336	8,722	119,058
University Education	32,591	6,426	39,017

Source : State Statistical Institute

The present regulations give different definitions of workers and employers and this creates problems.

b. WORKERS IN THE AGRICULTURAL SECTOR

Among agricultural workers, the so-called day-labourers are important. However, there are difficulties in defining agricultural workers and in calculating their number. Approximately 7 per cent of the employed population in agriculture are wage-earners and 30 per cent of the total population between the ages of 6 and 14 working in this field are economically active. One of the characteristics of the agricultural sector is the variation in employment level throughout the year. This necessitates the employment of seasonal labourers along with permanent workers. The majority of permanent workers are employed in establishments of the public sector or those in which the public sector participates.

In addition to the day-labourers, it is necessary to regulate the working conditions and social security of farmers working on their own farms and the labourers who have different qualifications according to geographical regions, namely the "ortakçı" (sharecropper) and "yarici" (tenant farmer). As the partners' circumstances undergo change in accordance with the development of technology and the increase in land value, these circumstances force the partners to become mere farm labourers instead of employers. A hired farm system has not yet developed in Turkey. Although the "code of obligations" included some clauses regarding lease and partnership, the legislation governing and organising working conditions and social security is not sufficient.

It is necessary to regulate the status of those who are not considered sharecroppers or tenant farmers but who work under other titles and those who are not considered day-labourers, but are treated as a member of the employer's family and do personal errands and chores for the employer. These people also face the risks resulting from fluctuations in crop production and in crop prices.

The work periods in the agricultural sector are indefinite and the wages vary according to the supply and demand of manpower. In the villages there are traditional textile industries and small-scale handicrafts in addition to farming, but no social security facilities have been devised for workers in these fields.

c. ORGANISATION

In 1946 the Ministry of Labour was established to regulate working conditions. In spite of some developments, the influence of the Ministry has been rather limited and the Labour and Employment Organisation functioning under its aegis does not have the capacity to achieve its function.

The Unions formed by workers organisations have been institutionalised by the Law on the Workers' and Employers' Union, and the Trade-Unions and the union activities which started a few years ago have become powerful. A new form was given to unions by the "Trade-Unions Law" passed in 1963. The scope of union activities is shown in Table 69.

TABLE 69 — Trade-Union Workers

(In Thousand)

Years	Number of Workers (1)	Number of Union Workers (2)	Percentage of Union Workers (3)
1955	1,624	190	11.6
1960	2,437	283	11.6
1961	2,600	299	11.4
1962	2,762	308	11.1
1963	2,925	296	10.1
1964	3,087	339	10.9

Source : State Statistical Institute and Prof. Dr. C. Talas, Dr. Sait Dilek and Alpaslan Işıklı; **Syndicalism Movements in Turkey and Collective Bargaining.**

The majority of unions have federated in the framework of Türk-Iş and their power is increasing. Training in syndicalism is being sponsored by Türk-Iş and its extent is shown in Table 70. A Türk-Iş Syndicate College, was established in 1966.

TABLE 70 — Education in Syndicalism Sponsored by Türk-Iş (1961 - 1965)

Years	Number of Seminars (1)	Number of Union Members Trained (2)
1961	6	170
1962	16	426
1963	50	1,785
1964	89	3,741
1965	114	5,607

Source : Türk-Iş

The civil service employees who do not have the status of workers have been given the right to organise by the "State Personnel Union Law" passed in 1965. These unions usually aim at social solidarity.

The legislation passed since 1949 regulates the organisation of associations, chambers and unions by employees according to their various professions, in order to secure professional solidarity.

d. WAGES

Before the establishment of a minimum wage, collective bargaining, and strike and lock-out legislation, wages were regulated by supply and demand of manpower without any social organisations. Dispositions regarding wages were promulgated under the Labour Law and in 1951 the minimum wage system began to operate. The minimum wage fixed by the concerned committees was usually far from securing a minimum living standard for the labourer and his family. In 1966, the average minimum daily wage with social security benefits was TL 11.5 and TL 12.4 without benefits. Development of the minimum wage system is shown in Table 71.

TABLE 71 — Development of the Minimum Wage

Year	Number of Work Branches with Fixed Minimum Wage (In Total) (1)	Number of Provinces with Fixed Minimum Wage (In Total) (2)	Average Minimum Wage (In TL) (3)
1951	5	3	
1955	8	11	
1960	41	44	
1961	45	44	7.57
1962	49	47	8.53
1963 (1)	38	49	8.91
1964	39	51	9.34
1965	39	51	9.70
1966	41	63	10.72

Source : Ministry of Labour

(1) The decrease in the number of work branches is due to the merger of work branches in the agricultural sector in 1963.

After 1963 unions drew closer together because of collective bargaining and wage policy issues. Collective bargaining has effected wage increases favourably. For example, the average annual wage increase for workers in the public sector was 10.7 per cent during 1955 - 1963, whereas in 1964 when the first collective bargaining was implemented this increase rose to 14 per cent. The general level of wages is commonly higher in the public sector. The average daily wage of workers is shown in Table 72.

TABLE 72 — Average Daily Wage of Workers (1)

Year	Wages in the Public Sector (TL)	Wages in the Private Sector (TL)
	(1)	(2)
1955	10.65	4.96
1956	12.05	5.35
1957	13.29	5.72
1958	14.50	8.48
1959	20.04	13.00
1960	21.20	15.03
1961	23.33	15.16
1962	24.69	15.89
1963	29.40	16.98
1964	31.98	18.83
1965	37.85	20.90

(1) Social assistance benefits and overtime included

Note : Wages of workers in establishments with public sector participation are included in the figures showing wages of private sector employees. The wages of the public and private sectors have a different coverage and should not be compared.

Source : State Planning Organisation

The wage policy implemented in public enterprises for employees of non-worker status (white-collar workers) and established according to the educational level, work hours and quality of work, is neither sufficient nor just. Table 72 reveals that the majority (60 per cent) of white-collar workers in the public sector are working for wages less than the average wage of an ordinary worker. This is the principal reason for the tendency of public sector employees to switch from a monthly salary to a wage. In 1950, 74 per cent were on a monthly salary, whereas in 1965 the proportion decreased to 62 per cent.

TABLE 73 — Distribution of Employees of Non-Worker Status in the Public Sector According to Wage Groups

Wage Groups (1)	Percentage of Employees
(1)	(2)
400 and less	16.5
401 — 600	35.0
601 — 1,000	31.0
1,001 — 1,500	11.0
1,501 — 2,500	6.0
2,501 and more	0.5
	100.0

Note : (1) In 1963, the basic average monthly wage of workers was TL 781.50. It was TL 849.60 with social assistance benefits.

(2) The basis of this table is the General and Annexed Budget organisations only. This generalisation is made because there are no substantial differences between local administrations and State Economic Enterprises and the above wage groups.

Source : State Statistical Institute

e. WORK HOURS

According to the Labour Law, work hours should not exceed 48 hours per week. The work hours of crewmen have been regulated by a special decree of the Council of Ministers. Overtime is limited to 270 hours a year. Special work hours are set for special working conditions. The agricultural work requirements are quite different from those in other sectors, for example, those working in open fields average 12 hours a day. Therefore, work conditions have not been regulated for the employer/employee relationship and traditional yardsticks are implemented.

f. COLLECTIVE BARGAINING

Collective bargaining and the right to strike which are the fundamental rights of workers, were acknowledged in 1963. In public services and in services with public participation, 67 per cent of the collective bargaining negotiated between 1964 and 1965 is valid for 2 years, 28 per cent for 1 year and 5 per cent for over 2 years. During this period, collective bargaining did not lead to any disagreement.

Of the collective bargaining negotiations of the public sector and enterprises with public participation, 72 per cent were solved with agreements and 4 per cent ended in strikes.

g. WORK SECURITY AND HEALTH OF THE WORKERS

Employment sometimes causes work accidents and vocational illnesses. The Ministry of Labour is responsible for this problem, although related organisations also participate in the control of safety and health conditions.

In 1965, 22.4 per cent of the employees in the non-agricultural sector were covered by Social Insurance. Since the members of this organisation who were either injured or sick lost 1,358,000 working days, the total work-day loss with the same criteria in the non-agricultural sectors is 4,785,000 annually. The total work-day loss in the non-agricultural sectors during 1965, including deaths resulting from work accidents and vocational illness, amounted to 17,175,000 days. This is equal to approximately 60,000 workers losing 300 work-days. When the side effects of vocational illnesses and work accidents are considered, the significance of the problem is seen.

h. WORKERS ABROAD

1. Migration of Workers

The exportation of excess manpower to western European countries which have a manpower shortage was among the measures proposed by the First Plan for employment of the increasing labour force.

From 1961 to the end of 1966, 1,032,500 workers applied to the Employers and Labour Organisation to seek employment abroad and of these, 195,000 (18.5 per cent) have gone to western European countries. Since 1964, 38 per cent of the total workers employed abroad are skilled workers. This high percentage does not conform with the principle of sending unskilled workers abroad and the fact that 60 per cent of the total came from western Turkey is contrary to the established principles. Since 87 per cent of the workers going abroad are skilled workers which could find employment in Turkey this source of already scarce manpower cannot be utilised.

Eighty-seven per cent of the workers abroad are employed in West Germany and the remaining workers are in other western European countries. Eighteen per cent of the total workers abroad are employed in mining, 18 per cent in construction and 64 per cent in industry and services. The majority of the workers going abroad are between 25 and 35 years old. Only a limited number take their families with them.

The Employers and Labour Organisation is principally concerned with manpower going abroad and with their related problems. Other ministries and organisations also deal with this subject. In 1964, a co-ordination committee was established and 18 labour attaches abroad are assigned tc deal with the workers' problems.

2. Conditions Abroad

Adaptation to the socially and economically different environment has not been a difficult problem for the workers Nevertheless, in order to minimise the difficulties, the workers must be supplied with information about the mode of life and behaviour in the country to which they are going. The major problem is the workers' insufficient knowledge of the language of the host country.

The workers usually go abroad on a one-year contract. The daily wages of trained workers range between TL 52 and TL 80 and for unskilled workers the average wage is TL 40. Although the cost of social security benefits is not included in these wages, some of the agreements made for the exportation of manpower include items on social insurance and secure some means from which the workers could benefit over a long period of time. The workers generally are not interested in joining the unions and associations of the host country. However, the tendency to organise among themselves is widespread and in 1965 there were 17,000 members in these organisations.

3. Return of the Workers

After their return, the workers who have lived for some time in an environment different from the one they had originated from, show an inclination to continue the same standard of living to which they have become accustomed to abroad. This means the urbanisation of those originating from agriculture, the promotion of the general economic level through use of their savings, and the transmission of their newly acquired knowledge and experience to their environment. The significant aspect is the accelerating effect of these experiences on the development and modernisation of Turkey.

Many ways to make use of the savings of the workers abroad have been tried and of these the projects giving priority to villagers who have formed co-operatives have not proved successful.

Joint stock companies established by the workers abroad, on the other hand, have shown favourable development.

The direct repatriation of workers' savings to Turkey is important, both for being an auxiliary resource for Turkey's economy and for creating investment possibilities for the workers on their return.

The external resource secured in this manner showed an increase of 1,421 per cent during the period 1964 - 1966 and reached the total of TL 1,038,006,000.

4. Trends

The future exportation of manpower depends on the demand of the countries that utilise this manpower. However, continuation of this demand is expected during the next few years. The large proportion of Turkish workers within the total number of foreign workers in West Germany has increased six-fold within five years. However, a decrease in the proportion of workers going abroad has been observed since 1964. In 1966, the number was only half that of 1964. It is expected that about 30,000 workers will go abroad during the period 1967 - 1972 and that Turkey will benefit from her membership in the European Economic Community by her relationship with the other member countries that need this manpower.

3. POLICIES TO BE FOLLOWED

a. The Ministry of Labour will be strengthened to bear the heavy burden of regulating working conditions and the State's responsibility in the employer-employee relationship. More emphasis will be given to its research in this field and new means of training and education will be secured to overcome qualified staff shortages.

b. Taking into consideration the increase in employment opportunities, the Guidance and Employment Agency will be organised to direct the effected rapid development in the distribution of employment among professions and will also have the task of professional guidance.

c. Problems arising from employee and wage-earner differentiation, the use of authority in collective bargaining contracts at the plant or sectoral level and similar difficulties in the implementation of the "Collective Bargaining, Strike and Lock-Out Law", will be solved.

d. Laws will be promulgated to cover the working conditions of the agricultural labour force and the socialisation of health and social welfare service programmes covering the work accidents and vocational illnesses of agricultural workers and workers in village handicrafts and home crafts. These programmes will also include old age and death insurance.

The organisation of workers and employees in the agricultural sector will be encouraged.

e. A cost of living index will be fixed to meet the actual consumption needs of families and to establish the minimum wage of the worker at a point where it can secure the workers' subsistence and prosperity. The organisations concerned will be kept informed by continuous co-operation on the necessity of fixing the minimum wage at a level commensurate with productivity and to avoid the probable detrimental effect on development of increases in wages.

f. The imbalance in working conditions and in employment and social security among employees of the public sector will be abolished by establishing minimum standards.

g. Efforts will be made to organise the working conditions of handicraft workers and artisans in the cities. The inspection of working places is an important issue in this regard. In preparing the necessary legislation the particularities of these work sites will be taken into consideration.

h. To re-employ and secure the future of workers who have lost part of their working ability as a result of a work accident or vocational illness, rehabilitation centres will co-operate with the Employers and Labour Organisation.

i. The exportation of manpower is not only related to the problem of finding employment. Various ministries have responsibilities in this area. Conducting research and analyses of domestic and foreign manpower markets, solving employment problems of workers in the host country, meeting the social security demands of the workers, organising the workers' travel to and from the host country and the procedures of securing health services during their travel, and enlightening them on related subjects in advance, will be achieved through the co-operation of the ministries with the workers' organisations.

At the beginning of the Second Plan period, more than 600,000 workers were waiting for their turn to go abroad. Most of the applicants had already broken up their businesses, therefore, to avoid such disorder no new applications will be accepted before a significant decrease is made in the waiting list.

Developments in the internal work market will be considered in the exportation of manpower and measures will be taken to keep the skilled workers demanded by the developing economy in Turkey.

j. Exportation of manpower enables unskilled workers from the agricultural sector to gain pre-employment and on-the-job training and generally offers the opportunity to learn a foreign language. In order to benefit from these opportunities, it would be advantageous for host countries to establish educational centres in Turkey and to extend on-the-job training for Turkish workers in the host country. Negotiations on this subject are in progress.

k. To secure the effective participation in the development effort of Turkey of the workers who have adapted themselves to a different standard of living and work in a developed foreign country and who have acquired new professions or advanced in their own professions on their return, the prevention of social problems which might be created in their original environment is important. An information service to provide guidance and assistance will be established to this effect.

MANPOWER

1. PRINCIPLES

a. When taking into consideration the development of the present factors of production to achieve economic and social progress, it is also necessary to bring the quality and quantity of manpower resources to a level needed for development and to secure changes in the vocational make-up of various sectors. For this purpose and for the productive use of trained manpower, which is scarce in a developing economy, an employment policy based on qualifications will be implemented.

b. It will be ensured that manpower will be trained according to the economic demand and that trained manpower will be used in the appropiate fields.

c. The creation of a sense of security at work through social security measures will be continued.

d. Social mobility will be made possible to secure the employment of manpower in areas where it will be the most effective.

e. Efforts will be made to raise the quality and ability of workers through education.

f. There is an unbalanced distribution of the working population among various professions in proportion to the quality and quatity of manpower essential to economic development. A policy will be followed which will rectify this imbalance and which will maintain a balanced distribution of manpower among economic sectors and work levels according to the new employment potential and which will bring about the required structural changes.

g. A policy will be pursued which will utilise the existing labour force in the best possible manner in areas where there is an acute shortage of manpower, especially in the technical fields.

2. GENERAL SITUATION

a. DESCRIPTION OF THE MANPOWER PROBLEM

In Turkey, which is in the process of development, securing the desired rate of growth depends on the productive utilisation of all economic resources, i. e., natural resources, capital and manpower. Since capital is particularly scarce in Turkey, emphasis should be given to the effective distribution of capital and to the adaption of manpower supply to economic demand.

Indeed, the most important element in development is manpower. The success of a development plan depends on the participation in the development efforts of manpower of appropriate quality and quantity and at the appropriate time. Qualified manpower is both a scarce resource and one which should use other scarce resources in the most rational way. The targets set by the Second Plan for manpower planning are to establish policies for the utilisation of this resource in the best and most productive way to attain social and economic goals and to solve manpower bottlenecks over the long-term.

Turkey has emerged from a traditional agricultural economy and is now becoming industrialised and undergoing rapid development. This development requires significant structural and occupational changes in manpower. Whatever the technology employed may be, the development of qualifications for manpower should be adapted to the changing pattern of demand.

Differences in the rates of increase between industrialised countries are generally the result of the different ratios of highly qualified manpower distribution. An increase in the average level of the quality of manpower does not only provide greater productivity, but also opens the way for technological development.

The educational possibilities for training manpower and changing the vocational structure are scarce in Turkey. The principle problem in the development of manpower in this direction is the determination of priorities in the utilisation of the limited resources devoted to training. Training qualified manpower and overcoming manpower shortages depend on long-term programmes. The reason for this is that the results of measures taken now to meet manpower demand will only be obtained after a long period. The basic instrument to achieve the foreseen structural change in manpower will be the progressive developments in the educational framework. Therefore, education, along with other social targets, is closely related to the manpower problem from the standpoint of realising the procedures to attain the economic development targets.

b. MANPOWER SITUATION

Surveys on the demand for different types of qualified manpower indicate the continuation of increasing demand. For example, since 1955 the developments explained below have occurred among strategic professional groups. During the five-year period between 1955 - 1960, engineers increased by 58 per cent, technicians by 21 per cent and artisans by 23 per cent.

In 1955 there were 2 technicians for every engineer and in 1960 this proportion decreased to 1.5. With regard to artisans, the ratio to engineers decreased from 72.1 to 55.9.

During the period 1960 - 1965, engineers increased from 15,123 to 20,132 (33 per cent), technicians from 23,500 to 33,620 (43 per cent), technical personnel in chemistry and physics from 2,941 to 4,317 (47 per cent) and artisans from 933,840 to 1,235,062 (32 per cent).

Between the years 1955 - 1962, medical doctors increased by 27 per cent, dentists by 62 per cent, pharmacists by 20 per cent, nurses by 132 per cent and health technicians by 41 per cent. Although in 1955 there were only 0.22 nurses and 0.55 health personnel for every doctor, these ratios could only be raised to 0.40 and 0.65.

There was an increase in medical doctors from 9,311 in 1963 to 10,895 in 1965 (17 per cent), in dentists from 1,680 in 1962 to 1,930 in 1965 (15 per cent), in nurses acting as assistant health personnel and midwives from 13,700 in 1963 to 14,900 in 1965 (9 per cent).

Despite the developments explained above and the efforts made during the First Plan period, structural imbalances and defects in manpower distribution among sectors and the insufficient labour force are evident when existing manpower stocks are examined.

At present, the increase in number of health personnel and their distribution over the country, is not sufficient when compared with the increasing population.

In 1965 there were 2,900 people for every medical doctor in Turkey. This indicates that Turkey is lagging behind developed countries.

The productivity of doctors is lowered because of the low doctor-assistant health personnel ratio and the burdening of doctors with responsibilities which should normally be carried out by nurses. In 1965 there were 0.44 nurses, 0.41 midwives, 0.59 health personnel, 0.18 pharmacists and 0.17 dentists to every doctor. In comparison to international standards, these ratios for Turkey are far from satisfactory.

In addition to the lack of sufficient personnel, the major problem in health personnel is their unbalanced regional distribution. For example, 40 per cent of all the doctors reside in the Istanbul area where only 8.3 per cent of the total population lives. As long as this imbalance is not eliminated, the future increase in the number of doctors will only result in their concentration in developed provinces and there will be no improvement in under-developed provinces. This situation underscores the necessity to pursue a policy which would correct regional imbalances.

Furthermore, the insufficient number of technical manpower which have strategic importance in development, their unbalanced distribution among the sectors and their use in the wrong place leads to another basic problem of economic development. In the public sector only, in 1966 the shortage of engineers had increased by 31 per cent, that of technicians by 30 per cent, foremen by 24 per cent and by 7 per cent for workers in the subsectors of the manufacturing industry.

In Turkey there is an average of 1.6 technicians to every engineer. The low level of this proportion prevents the country from profiting sufficiently from engineers. In 1966, out of the total number of technical workers in the public sector, 9 out of every 1,000 workers were engineers, 16 were technicians, 32 were foremen and 386 were trained workers. The technical manpower demand of the establishments in the public sector requires 12 out of every 1,000 workers to be engineers, 23 to be technicians, 33 to be foremen and 409 to be trained workers.

In the public sector, factors such as the inadequacy of the personnel policy, the lack of qualified manpower, fixing the responsibility and authority for the utilisation of manpower, and organisational defects open the way for the above mentioned problems. In the private sector, in spite of the opportunities of a free market, difficulties arising from the structure of manpower are recorded.

In development, managers are significant elements and the inadequacy of existing managers plays an important role in the productivity of establishments and organisations. In the public sector only 53 per cent of the existing managers have had higher education, 31 per cent are high school graduates, 12 per cent have finished junior high school and 4 per cent have completed primary school. At the same time, only 9 per cent of the managers in the public sector have had special training in business administration.

In Turkey, managers in establishments and organisations in the public sector make up 1.4 per cent of the total manpower, whereas comparison with the situation in other countries shows that, in general, there are approximately 4.6 managers for every 100 workers.

3. ESTIMATES OF MANPOWER DEMAND (1968 - 1982)

a. PRINCIPLES ON WHICH THE ESTIMATES ARE BASED

To prepare an applied educational plan for the period 1968 - 1972 for the whole economy, detailed estimates of manpower demand were prepared taking into consideration the inter-relationship between production, investment and employment in the various sectors, international standards and the enlarging of educational levels to a capacity adequate to supply this demand.

In making these studies, the lowest professional levels which have a direct relation to education were surveyed. Projections were concentrated on technical and health personnel and on managers who are strategically important in economic and social development. The requirements of a plan for the field of education have necessitated extention of the estimates to 1982. The reasons for this are that, in an educational plan, measures taken to meet manpower demands yield results only after a long period of time, the lengthy realisation of educational investments and the long time-span of education. Accordingly, the magnitudes relating to educational capacity between the years 1968 - 1972 have been calculated for the manpower needs to be realised between 1976 and 1982.

In the calculations of manpower supply of the Second Plan a parallel was made between professional groups and the educational levels training them. A 'Student Flow Model' was prepared for the different levels of education to illustrate the status of training in the various professional branches. The model is based on the estimated reduction in numbers in the professions, the productivity of educational levels, transfer and loss in the professions, and on the hypothesis of continuation of the present educational capacity.

TABLE 74 — Manpower Demand (1968 - 1982)

(In Thousand)

Professions	1967	1968	1969	1970	1971	1972	1977	1982
I. Engineers	25.5	27.8	30.5	33.7	36.5	40.2	63.2	94.8
1. Architects and Civil Engineers	11.7	12.9	14.3	15.9	17.5	19.5	32.3	49.6
2. Mechanical Engineers	5.8	6.3	7.0	7.7	8.3	9.1	14.2	21.2
3. Electrical Engineers	3.1	3.2	3.4	3.7	3.9	4.2	6.1	8.8
4. Mining Engineers	1.8	1.9	2.0	2.2	2.3	2.5	3.6	5.1
5. Other Engineers	2.3	2.6	2.9	3.2	3.4	3.7	5.3	7.7
6. Topographers, Hydrographers and Cartographers	0.8	0.9	0.9	1.0	1.1	1.2	1.7	2.4
II. Scientists and Technicians	42.6	47.7	53.6	60.4	68.5	77.3	142.6	261.4
1. Construction Technicians	15.1	17.0	19.1	21.4	24.0	27.0	48.3	87.1
2. Mechanics	6.6	7.4	8.4	9.5	10.8	12.3	23.0	41.6
3. Electricians	4.5	5.1	5.7	6.7	7.6	8.4	16.1	29.8
4. Mining Technicians	0.5	0.5	0.6	0.6	0.8	0.8	1.2	2.2
5. Technical Draftsmen and Surveyors	2.0	2.2	2.5	2.9	3.7	4.6	12.0	26.4
6. Other Technicians	13.9	15.5	17.3	19.3	21.6	24.2	42.0	74.3
III. Agriculture and Forestry	13.6	15.8	16.9	18.0	19.2	20.4	29.0	43.0
1. Agricultural Engineers and Landscapers	4.4	4.6	4.9	5.1	5.4	5.7	7.6	10.3
2. Foresters and Architects	1.5	1.6	1.7	1.8	1.9	2.0	2.7	4.0
3. Veterinarians	1.6	1.7	1.9	2.1	2.3	2.5	3.8	5.8
4. Agricultural Technicians and Technical Workers	4.4	4.6	4.8	5.1	5.4	5.7	7.6	10.3
5. Forestry Technicians and Technical Workers	0.9	1.6	1.7	1.8	1.9	2.0	2.7	4.0
6. Animal Hygiene Officers	0.8	1.7	1.9	2.1	2.3	2.5	4.6	8.6
IV. Professions Related to Chemistry and Physics	4.8	5.0	5.5	5.9	6.4	6.8	9.2	11.8
1. Physicists, Geophysicists and Geologists	2.9	3.0	3.2	3.3	3.5	3.6	4.4	5.5
2. Chemists, Chemical Engineers and Chemical Technicians	1.9	2.0	2.3	2.6	2.9	3.2	4.8	6.3
V. Artisans	1,387.0	1,495.1	1,604.7	1,728.9	1,851.5	1,994.2	2,894.6	4,129.7
1. Blast Furnace, Rolling-mill, Forge and Foundry Workers	21.5	23.5	25.5	27.9	30.4	33.1	46.4	67.2
2. Machinery Production and Repair Shop Workers	279.1	297.1	316.6	339.2	363.6	391.5	562.7	799.1
3. Electrical Appliance Manufacture and Repair Shop Workers	44.5	48.2	52.2	56.6	61.5	66.9	101.0	147.9
4. Weavers and Other Related Vocations	196.8	208.6	221.5	234.4	248.2	263.5	354.9	484.3
5. Tailors, Furriers and Cobblers	274.4	293.6	309.1	324.6	341.4	359.7	470.2	626.1
6. Wood, Rush and Cane Crafts	173.2	190.4	204.4	218.7	234.6	252.2	372.0	530.6
7. Food, Beverage and Tobacco Production	121.7	129.5	136.9	144.8	153.2	162.2	214.4	286.7
8. Construction	166.0	186.1	209.1	240.6	263.6	295.9	509.8	797.3
9. Stone, Marble and Clay Crafts	41.5	50.1	56.3	63.3	70.8	79.2	136.4	212.7
10. Miscellaneous	63.3	68.0	73.1	78.8	84.2	90.0	126.8	177.8

Source : State Planning Organisation

b. MANPOWER SUPPLY AND DEMAND BETWEEN 1968 AND 1982.

(1) Technical Personnel

To realise the economic development targets during 1968 - 1982, a great increase in the number of engineers, technicians and artisans is required. The manpower demand between 1968 - 1982 is shown in Table 74.

Estimates of the increase in manpower demand during 1968 - 1982, with 1967 as the base year, are shown in Table 75.

TABLE 75 — Increase in Demand for Technical Manpower

1967 = 100

Professions	1968	1972	1977	1982
Engineers	109	159	251	377
Technicians	112	179	322	579
Agriculture, Forestry and Related Professions	116	150	214	316
Physicists, Chemists and Related Professions	105	142	193	247
Artisans	108	144	209	298

The relatively highest increase in demand is for technicians. In 1967 there were 1.7 technicians for each engineer, this proportion will rise to 1.9 in 1972, 2.2 in 1977 and 2.6 in 1982. This change in the proportion of engineers to technicians is aimed at the productive use of engineers.

(2) Health Personnel

Turkey's future need for doctors has been calculated according to economic and social development. If the increase in number of doctors continues at the rate of the 1955 - 1965 period after 1972, there will be a shortage of doctors in relation to the economic level. To close this gap, efforts will be required to augment the present rate of increase. The future requirement for doctors is shown in Table 76.

TABLE 76 — Requirement for Doctors in Turkey (1968 - 1972)

(In Thousand)

1966	10.2 (Actual)
1967	10.6
1968	10.9
1969	11.3
1970	11.7
1971	12.2
1972	13.2
1977	19.2
1982	28.5

Source : State Planning Organisation

Turkey's demand for ancillary health personnel was calculated so as to correct the imbalance in the ratio of doctors to assisting health personnel and to maintain health personnel capable of providing sufficient health services both in quality and quantity. The demand for ancillary health personnel is shown in Table 77.

(3) Managers

The demand for managers in the various sectors of the Turkish economy between 1968 and 1972 is shown in Table 78. This situation necessitates a 36 per cent increase in managers during 1968 - 1972.

Taking into consideration the supply of educated manpower, the existing labour force and those who will resign from their professions for various reasons, the estimated manpower supply during 1967 - 1982 is shown in Table 79.

TABLE 77 — Demand for Ancillary Health Personnel (1968 - 1982)

(In Thousand)

Professions and Their Ratio to Doctors in 1982		1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	1977 (6)	1982 (7)
Dentists	(0.23)	2.3	2.5	2.6	3.0	3.2	4.4	6.6
Pharmacists	(0.26)	2.1	2.3	2.6	2.9	3.2	5.0	7.4
Nurses	(2.0)	8.5	10.3	12.4	15.2	18.2	34.9	57.0
Midwives		6.0	6.4	7.2	7.9	8.6	13.6	21.5
Other Health Personnel	(0.75)	7.5	8.2	8.9	9.6	10.3	14.4	21.4

Source : State Planning Organisation

TABLE 78 — Demand for Managers in the Non-Agricultural Sectors (1968 - 1972)

(In Thousand)

	Energy	Transportation	Trade and Banking	Services	Construction	Mining	Manufacturing	Total
1967	2.5	16.6	47.8	102.3	29.9	3.6	49.0	251.7
1968	2.8	17.9	49.4	107.7	30.3	4.0	57.5	269.6
1969	3.3	18.8	51.1	113.3	32.4	4.5	62.5	285.9
1970	3.7	19.8	52.9	119.2	34.7	5.0	67.9	303.2
1971	4.3	20.8	54.7	125.3	37.1	5.5	73.8	321.5
1972	4.9	22.0	56.5	131.9	39.7	6.2	80.2	341.4

Source : State Planning Organisation

TABLE 79 — Manpower Supply (1968 - 1982)

(In Thousand)

Professions	1967	1968	1969	1970	1971	1972	1977	1982
I. Engineers	16.9	17.5	19.2	20.8	22.4	24.0	31.9	39.0
1. Architects and Civil Engineers	7.3	7.5	8.3	9.2	10.1	10.9	15.2	19.1
2. Mechanical Engineers	3.1	3.2	3.4	3.6	3.8	4.1	5.2	6.3
3. Electrical Engineers	2.2	2.2	2.4	2.5	2.7	2.9	3.6	4.3
4. Mining Engineers	1.3	1.3	1.4	1.5	1.6	1.6	2.0	2.3
5. Other Engineers	2.3	2.6	2.9	3.2	3.4	3.7	5.0	6.1
6. Topographers, Hydrographers and Cartographers	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9
II. Scientists and Technicians	35.9	37.4	38.6	40.4	41.9	43.6	54.6	72.2
1. Construction Technicians	13.2	13.2	13.2	13.3	13.3	13.3	13.4	18.5
2. Mechanics	6.6	6.9	7.3	7.7	8.1	8.5	10.4	12.1
3. Electricians	4.5	4.6	4.6	4.6	4.6	4.7	4.8	4.8
4. Mining Technicians	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.6
5. Technical Draftsmen and Surveyors	0.8	1.4	2.0	2.9	3.7	4.6	12.0	26.4
6. Other Technicians	10.5	10.8	11.0	11.4	11.7	12.0	13.5	14.8
III. Agriculture and Forestry	9.8	10.7	11.4	12.2	13.0	13.8	17.4	20.9
1. Agricultural Engineers and Landscapers	4.4	4.6	4.8	5.0	5.3	5.5	6.6	7.7
2. Foresters and Architects	1.4	1.5	1.5	1.6	1.7	1.8	2.2	2.6
3. Veterinarians	1.6	1.7	1.8	1.8	1.9	2.0	2.3	2.6
4. Agricultural Technicians and Technical Workers	1.9	2.2	2.5	2.8	3.0	3.3	4.4	5.5
5. Forestry Technicians and Technical Workers	0.1	2.2	0.3	0.4	0.5	0.5	1.0	1.4
6. Animal Hygiene Officers	0.4	0.5	0.5	0.6	0.6	0.7	0.9	1.1
IV. Professions Related to Chemistry and Physics	4.7	4.9	5.2	5.5	5.9	6.3	8.4	10.2
1. Physicists, Geophysicists and Geologists	2.8	2.9	3.0	3.0	3.1	3.2	3.8	4.2
2. Chemists, Chemical Engineers and Chemical Technicians	1.9	2.0	2.2	2.5	2.8	3.1	4.6	6.0
V. Artisans	1,286.0	1,321.1	1,355.1	1,391.4	1,430.3	1,471.9	1,761.2	2,263.7
1. Blast Furnace, Rolling-mill, Forge and Foundry Workers	18.8	19.6	20.5	21.3	22.1	23.1	27.1	30.8
2. Machinery Manufacture and Repair Shop Workers	253.0	265.3	276.8	289.4	303.1	318.0	420.0	611.9
3. Electrical Appliance Manufacture and Repair Workers	40.2	42.9	45.2	47.7	50.2	52.9	69.2	97.4
4. Weavers and Other Related Vocations	183.0	183.4	183.8	184.4	185.3	186.3	196.3	220.0
5. Tailors, Furriers and Cobblers	276.7	284.0	291.2	298.3	305.5	312.7	349.9	396.2
6. Wood, Rush and Cane Crafts	163.2	166.6	169.6	172.7	175.9	179.0	194.1	208.1
7. Food, Beverage and Tobacco Production	110.7	111.2	111.9	112.5	113.2	113.8	117.2	121.0
8. Construction	147.3	153.5	159.8	166.7	174.2	182.4	252.2	385.5
9. Stone, Marble and Clay Crafts	36.6	36.9	37.3	37.7	38.0	38.4	40.4	42.5
10. Miscellaneous	56.5	57.7	59.0	60.7	62.8	65.3	94.8	150.3

Source : State Planning Organisation

The health personnel supply during 1968 - 1982 is shown in Table 80.

TABLE 80 — Yearly Supply of Health Personnel (1968 - 1982)

Years	Doctors (1)	Dentists (2)	Pharmacists (3)	Nurses (4)	Midwives (5)	Health Personnel (6)
1967 (Actual)	10.7	1.8	1.9	4.7	4.7	5.9
1968	11.0	1.9	2.0	4.8	5.2	5.9
1969	11.4	2.0	2.1	5.1	6.0	5.9
1970	11.7	2.0	2.4	5.4	6.6	5.9
1971	12.0	2.3	2.7	5.7	7.3	5.9
1972	12.3	2.5	3.1	5.9	7.9	5.9
1977	13.7	3.7	4.7	7.0	10.8	6.0
1982	15.0	4.7	6.2	8.1	13.6	6.0

Source : State Planning Organisation

The difference between the manpower necessary for development and the manpower supply from existing sources in their present capacity indicates the future manpower shortages or excesses. The manpower shortage of technical personnel is shown in Table 81.

If measures are not taken to increase the supply of educated manpower by 1972, shortages will occur in the amount of : 16,000 engineers, 34,000 technicians, 7,000 workers in vocations related to agriculture and 520,000 artisans. Overcoming this shortage, especially for artisans, by formal education is beyond the facilities of formal education. Therefore, extension courses at this level are of great importance.

The manpower shortage in health personnel is shown in Table 82.

TABLE 81 — Technical Manpower Shortage (1968 - 1982)

(In Thousand)

Professions	1967	1968	1969	1970	1971	1972	1977	1982
I. Engineers	8.6	10.3	11.3	12.9	14.1	16.2	31.3	55.8
1. Architects and Civil Engineers	4.4	5.4	6.0	6.7	7.4	8.6	17.1	30.5
2. Mechanical Engineers	2.7	3.1	3.6	4.1	4.5	5.5	9.0	14.9
3. Electrical Engineers	0.9	1.0	1.0	1.2	1.5	1.3	2.5	4.5
4. Mining Engineers	0.5	0.6	0.6	0.7	0.7	0.9	1.6	2.8
5. Other Engineers	—	—	—	—	—	—	0.3	1.6
6. Topographers, Hydrographers and Cartographers	0.1	0.2	0.1	0.2	0.3	0.4	0.8	1.5
II. Scientists and Technicians	6.8	10.3	15.0	20.0	26.5	33.7	87.9	189.2
1. Construction Technicians	2.0	3.8	5.9	8.1	10.6	13.7	34.8	73.6
2. Mechanics	—	0.5	1.1	1.8	2.7	3.8	12.6	29.5
3. Electricians	—	0.5	1.1	2.1	3.0	3.7	11.3	25.0
4. Mining Technicians	0.2	—	0.1	0.1	0.3	0.3	0.7	1.6
5. Technical Draftsmen and Surveyors	1.2	0.8	0.5	—	—	—	—	—
6. Other Technicians	3.4	4.7	6.3	7.9	9.9	12.2	28.5	59.5
III. Agriculture and Forestry	3.8	5.1	5.5	5.8	6.2	6.6	11.6	22.1
1. Agricultural Engineers and Landscapers	—	—	0.1	0.1	0.1	0.2	1.0	206
2. Foresters and Architects	0.1	0.1	0.2	0.2	0.2	0.2	0.5	1.4
3. Veterinarians	—	—	0.1	0.3	0.4	0.5	1.5	3.2
4. Agricultural Technicians and Technical Workers	2.5	2.4	2.3	2.3	2.4	2.4	3.2	4.8
5. Forestry Technicians and Technical Workers	0.8	1.4	1.4	1.4	1.4	1.5	1.7	2.6
6. Animal Hygiene Officers	0.4	1.2	1.4	1.5	1.7	1.8	3.7	7.5
IV. Professions Related to Chemistry and Physics	0.1	0.1	0.3	0.4	0.5	0.5	0.8	1.6
1. Physicists, Geophysicists and Geologists	0.1	0.1	0.2	0.3	0.4	0.4	0.6	1.3
2. Chemists, Chemical Engineers and Chemical Technicians	—	—	0.1	0.1	0.1	0.1	0.2	0.3
V. Artisans	101.0	174.0	249.6	337.5	421.2	522.3	1,133.4	1,866.0
1. Blast Furnace, Rolling-mill, Forge and Foundry Workers	2.7	3.9	5.0	6.6	8.3	10.0	19.3	36.4
2. Machinery Manufacture and Repair Shop Workers	26.1	31.8	39.8	49.8	60.5	73.5	142.7	187.2
3. Electrical Appliance Manufacture and Repair Workers	4.3	5.3	7.0	8.9	11.3	14.0	31.8	50.5
4. Weavers and Other Related Vocations	13.8	25.2	37.7	50.0	62.9	77.2	158.6	264.3
5. Tailors, Furriers and Cobblers	2.7	9.6	17.9	26.3	35.9	47.0	120.3	229.9
6. Wood, Rush and Cane Crafts	10.0	23.8	34.8	46.0	58.7	73.2	177.9	322.5
7. Food, Beverage and Tobacco Production	11.0	18.3	25.0	32.3	40.0	48.4	97.2	165.7
8. Construction	187.8	32.6	49.3	73.9	89.4	113.5	257.6	413.8
9. Stone, Marble and Clay Crafts	4.9	13.2	19.0	25.6	32.8	40.8	96.0	170.2
10. Miscellaneous	6.8	10.3	14.1	18.1	21.4	24.7	32.0	27.5

Source : State Planning Organisation

TABLE 82 — Manpower Shortage in Health Personnel (1968 - 1982)

(In Thousand)

Years	Doctors **(1)**	Dentists **(2)**	Pharmacists **(3)**	Nurses **(4)**	Midwives **(5)**
1967	—	0.3	—	3.3	0.8
1968	—	0.4	0.2	3.7	0.7
1969	—	0.6	0.2	5.2	0.6
1970	—	0.6	0.2	7.0	0.6
1971	0.2	0.7	0.2	9.5	0.6
1972	0.8	0.7	0.1	12.3	0.8
1977	5.5	0.8	0.3	31.4	2.8
1982	13.6	1.8	1.2	48.9	8.0

Source : State Planning Organisation

As seen in Table 82 there is a great shortage of ancillary health personnel. The shortage of doctors will become acute after 1972 at an increasing rate and will reach 13,500 by 1982. Overcoming this shortage in 15 years creates a difficult situation and one which requires effective measures. The degree to which the supplementary capacities which will be created during 1968 - 1982 and the present educational opportunities will be able to meet manpower shortages is shown in Table 83.

4. POLICIES TO BE FOLLOWED

a. The major targets of manpower during the Second Plan period will be the productive utilisation of the existing manpower in the short term, securing the flow of manpower from areas where there is an excess to areas where there is a shortage, adapting the existing manpower to the needs, and to meeting the manpower demand on long term issues. To utilise scarce manpower resources in a productive way, an employment policy will be followed that is based on efficiency and on using manpower in areas of specialisation and in positions where they will be the most effective.

b. To secure a smoothly running manpower system as a consequence of rearrangements within the public sector, it will be ensured that the reorganisation of the organisational pyramids of each establishment be prepared according to responsibility, authority and function relationships and that each establishment meet its own future manpower demand after consideration of the technological changes in production and service, so that they will profit from the benefits of modern management and from the technique of job evaluation in their reorganisation efforts.

The excess manpower arising from the reorganisation of establishments will be utilised by transfers, re-training and transfers to newly created areas.

TABLE 83 — The Rate at Which the Manpower Shortage Will be Met by the Supplementary Educational Capacity (1967 - 1982)

	1 9 6 7					1 9 7 2					1 9 7 7					1 9 8 2				
	Shortage (According to Present Supply)	Additional Supply (Per Year)	Size of the Shortage That Will be Met	Net Shortage	Percentage of the Shortage Met by Additional Supply	Shortage (According to Present Supply)	Additional Supply (Per Year)	Size of the Shortage That Will be Met	Net Shortage	Percentage of the Shortage Met by Additional Supply	Shortage (According to Present Supply)	Additional Supply (Per Year)	Size of the Shortage That Will be Met	Net Shortage	Percentage of the Shortage Met by Additional Supply	Shortage (According to Present Supply)	Additional Supply (Per Year)	Size of the Shortage That Will be Met	Net Shortage	Percentage of the Shortage Met by
Engineers	8,537	—	—	8,537	—	16,374	321	477	15,897	3	31,378	4,043	11,253	20,125	36	55,676	13,150	51,628	4,043	
High Level Personnel Related to Agriculture and Forestry	64	—	—	64	—	844	54	250	594	30	2,963	590	2,068	895	70	7,121	1,551	7,002	119	
Doctors and High Level Personnel	331	—	—	331	—	1,611	23	173	1,438	11	6,609	1,189	2,727	3,882	41	16,610	4,270	16,264	346	
Technicians Related to Agriculture and Forestry	3,793	—	—	3,793	—	5,678	298	465	5,213	8	8,565	1,262	4,293	4,272	50	14,829	2,599	13,867	962	
Nurses	3,255	—	—	3,255	—	12,301	477	821	11,480	7	31,418	4,338	12,850	18,568	41	48,925	8,716	45,370	3,555	
Technicians Net Shortage (1)	2,064	—	—	2,064	—	21,352	1,459	856	20,496	4	59,482	9,030	28,269	31,213	48	129,639	27,986	119,792	9,847	

(1) Other technicians excluding artisans and blast furnace technicians.

c. On-the-job training programmes will be prepared in public establishments to meet the existing and future manpower shortages and to raise the quality of manpower.

In addition to a certain level of education, graduate studies in the administrative sciences will be required for employees to be appointed to high levels of management.

d. To correct the unbalanced distribution of manpower among regions the location of establishments shall be considered when wages are being fixed and special facilities shall be provided to encourage employment in under-developed areas.

e. It is important for managers to be educated in the techniques of modern management to successfully implement the manpower policy. Therefore, in addition to the administrative courses provided by organisations, other training programmes of short, long or continous nature, within the structure of educational establishments, will be arranged for various levels of management. Organisations in the private sector will be encouraged to participate in these programmes and the National Productivity Centre will support such efforts.

f. A policy which will prevent the emigration of the qualified manpower that Turkey needs, and which will create interesting employment opportunities to attract workers to return home, will be pursued.

g. It will be ensured that public establishments set up organisations and method units which will continuously evaluate their operation in order to increase their effectiveness and which will give advice to managers. Those who want to benefit from this service will be appropriately trained and the interest of the private sector in this matter will be supported.

EDUCATION

1. OBJECTIVES

a. The purpose of education is to enable people to know their environment, to react rationally, to adapt to the structural changes of society, and to acquire the ability to increase both their personal prosperity, happiness and moral values and that of their environment through the knowledge and skill they acquire. Habits of knowledge and skill which are essential for citizens in society and at work will be provided by educational media, and with this aim, the relationship of educational levels to professional life will be maintained. The preparation of citizens for a constantly changing world will be realised.

b. The possibility to take advantage of the State provided educational facilities beyond the primary level will be secured according to the principle of equality of opportunity. Accordingly, with the aid of scholarships and boarding schools the capable students will be allowed to obtain the highest levels of education without being hindered by economic difficulties and unfavourable environmental conditions. To increase the possibility of providing equal opportunity, persons who can afford to will be urged to contribute to expenditures made for their own education.

c. The number and caliber of primary schools, which increase the effects of the functions performed by citizens within society and which endow them with knowledge, ability and skill, will be revised to decrease the difference between urban and rural people wishing to continue at the higher levels of education and to give persons who do not continue to higher levels of education the opportunity to develop certain skills and abilities.

d. In order to provide persons who cannot acquire a higher education with a sufficient basic education the educational programmes of primary schools will be reorganised and such persons will be enabled to complete primary school.

e. Primary education will cover all the population of school age. Since facilities are limited, the educational capacity to be created at higher levels will be geared to meet the demand for manpower required by development. Those who are to benefit from the limited educational facilities will be determined by selection according to ability, and methods to eliminate the inadequacies resulting from the previous lack of sufficient educational facilities will be implemented. The breakdown between general and technical education will be determined by a uniform evaluation system at every level.

f. The curricula of all educational organisations at every level will be continuously evaluated and developed so that they will accomplish their function within the structure of the educational system and secure a greater and more satisfactory contribution of their graduates to economic and social development. Research and scientific development which will throw light on these programmes will be continued. In training instructors and in on-the-job training programmes these factors will be emphasised Unity will be maintained in the curricula of all levels of general, vocational and technical education by following a single concept of education.

g. In addition to formal education, education to raise the level of literacy is necessary to pursue the rights of citizenship and to fulfil its responsibilities. Extension courses and training programmes will be given priority to raise the level of knowledge of the society and to increase productivity in miscellaneous work units, especially in industry. With these types of education and with improvements in working conditions, the adaptation of emigrants from villages to a new environment in cities or to new work areas will be attained.

h. Benefits will accrue from the creation of new capacity at various educational levels by private educational establishments in addition to those of the public sector, and by relieving the heavy demand on public educational organisations by maintaining educational means for students of a certain income bracket. However, low standards in these private educational organisations, their development in a direction lowering the quality of public educational organisations, their creation of capacities, particularly at a higher educational level, could adversely effect the manpower policy and create employment problems which might endanger the whole educational system. No opportunity will be given for such developments to increase and they will be constantly checked.

i. To gain the expected general and special profits from education, the curricula at every level will be revised to realise the objectives of applied education and they will be augmented by satisfactory art and physical education programmes.

j. It is essential to unite all educational organisations under the Ministry of Education. Apart from those organisations related to national defence, health, agriculture and security where education and service are inseparable, the unification of all educational organisations under the Ministry of Education will be completed.

The General Directorate of Adult Education will be responsible to the Ministry of Education.

k. When programmes are considered as a whole, considerable savings can be made in the units of educational buildings since they are generally similar though used for different purposes. Therefore, without hindering service, minimum standards will be developed and applied to every area where educational buildings are used differently, excluding special educational buildings and special projects.

2. GENERAL SITUATION

The general picture of education during the 1966 - 1967 academic year is shown in Table 84. Educational services have remained within school boundaries. Relationships with the environment and business life have been limited. Practical education, especially in girls' and boys' technical training, have not been maintained. A system which will enable the capable students to continue on to the highest educational levels has not been derived and a sufficient number of scholarships and boarding schools have not been provided. There has been a decline in the proportion of facilities provided in this field as compared to the total number of students. While in 1963 1.5 per cent of the total number of secondary education students were boarders, this ratio decreased to 0.7 per cent in 1967. In 1967 the boarding capacity added will be 4,000 and the boarding capacity of the Credit and Dormitory Organisation will be raised to 11,300 the same year. The dormitories of the Middle East Technical University have a capacity of 1,200 beds. Even though there are private dormitories in addition to these, the capacity of the existing dormitories and boarding

TABLE 84 — Number of Students and Teachers in Schools During the Academic Year 1966 - 1967

	Number of Students (Thousand)	Number of Teachers	Student-Teacher Ratio	Student-Course Ratio
	(1)	(2)	(3)	(4)
Primary School	4,233	93,847	45	54
Primary School (Private)	16	1,300	12	—
Secondary School (Public)	497	11,800	42	51
Secondary School (Private)	14	1,000	14	1
High School (Public)	127	3,800	33	51
High School (Private)	10	1,500	7	—
Professional School at the Secondary School Level	74	—	—	40
Professional School at the High School Level	69	8,439	—	37
Technical School at the High School Level	34	—	—	35
Professional & Technical Schools	16	1,169	9	—
Professional High Schools	28	1,000	28	—
Technical High Schools	6	420	12	—
University (Public)	47	3,400	—	—
University (Technical)	12	880	—	—
Private Higher Education	14	750	—	—

Note : The above figures are given as averages because of the student, teacher, course ratios above the secondary schools being different in various branches.

houses is not sufficient. The transition to higher level schools does not function in an orderly manner. For the graduates of vocational and technical schools, in particular, there are hinderances in enrolling in a higher school or in developing in their profession. Handicrafts and physical education have lost their significance in schools. Audio-visual methods and their practical application have not been sufficiently beneficial.

The insufficient number of teachers is limiting the progress and quality of education. At every level the student-teacher ratio is getting more and more out of proportion. In secondary schools there are 45 students for every teacher graduated from a Teachers College and in high schools there are 38 students for every university graduated teacher. The scarcity of teachers is partly compensated for by non-professional people but this harms the quality of education. Methods which will provide the greatest benefit from teachers have not been developed and the teachers within Turkey are not evenly distributed.

The first level in education is the primary school. Pre-school education, which is necessary in certain conditions, is very limited. The curricula at the primary school level do not conform with environmental conditions, the basic principles of education or the objectives of work and play. The village primary schools do not have the characteristics of an educational and cultural centre. At the primary school level special courses for children who have learning difficulties because of physical and psychological problems have not been sufficiently applied. Even though there has been a 30 per cent increase in village primary school teachers during the 1960 - 1965 period, the student-teacher proportion has increased from 46 to 48. In the cities this proportion has increased from 41 to 45 as compared to a 40 per cent increase in teachers. In secondary schools an important bottleneck has arisen in quality and quantity. Even at this level, productivity has decreased. While the successful completion of each years's schooling was 70 per cent in 1960 the ratio decreased to 50 per cent in 1965. There has been no favourable development in the curricula of secondary schools, which were revised to function as preparatory schools for the high school level of general, vocational and technical schools. The classroom facilities of newly established secondary schools and high schools are not sufficient. In high schools the quality and productivity of education declines mainly because of inadequacies in buildings and teachers. The percentage of students which passed each class dropped from 62 per cent in 1960 to 49 per cent in 1965. The decrease in productivity leads to an accumulation of students intermediate classes and limits the optimum use of the existing capacity. No developments or revisions have been made to incorporate new subjects created from the curricula of Teachers Colleges into the educational programmes and to implement the new arrangements in primary education.

Technical education for girls does not provide practical training. Only limited benefits have been obtained by these graduates. It has been found that 24 per cent of the graduates have gone to a college level education, 30 per cent are working and 41 per cent have no vocational occupation. Most of the 30 per cent who are employed are working in jobs unrelated to their vocation. Studies have started to prepare the students of technical schools for girls' for a vocation and to reorganise the schools into centres which maintain a useful relationship with their environment. The inadequate educational facilities of these schools create bottlenecks in this respect. While the capacities of technical schools are being increased in relation to the manpower needs, it is difficult to find employment in industry for their graduates and to satisfy these graduates with the supplied employment. Problems in this area are the inability of the graduates to adapt themselves to working life even though they have acquired the proper theoretical knowledge, the lack of facilities which would prepare them for working life during academic years, the inability of schools to follow developments in industry because of the lack of ties between industry and education, the lack of confidence of employers in the capability of these graduates, the uncertainty about wages and the extent of authority and responsibility of these employees. The variation in productivity rates among the various branches of technical institutes is between 30 and 55 per cent. Although the teacher-student ratio is improving there is no progress in productivity. In vocational schools of high school level (agricultural and hygiene) the productivity is satisfactory. However, the graduates of agricultural schools generally become white collar workers and this is not the purpose of these schools. The quality of high level technical schools is not different from that of technical institutes.

The lack of faculty members for higher education limits the opening of new universities and colleges. The programme for securing scholarships for doctorate studies abroad which was implemented to supply faculty members for higher level education has not been successful. Even though it was planned to give 3,000 scholarships during the 1963-1967 period, by the end of 1966 only 500 persons had been sent abroad. The major problem is to make assistantships attractive. The productivity rate in higher level technical education changes from 50 to 80 per cent in universities and from 35 to 75 per cent in technical schools. The student-teacher ratio, which was 7 in 1960, improved and decreased to 6 in 1967. The productivity in medical and agricultural education is about 75 per cent. An unfortunate result of this situation is the accumulation of students which results from low productivity. The student-teacher ratio which was 50 in 1960 increased to 90 in 1963 at the level of higher education. The reason for this is that new capacity is not created in technical education and the accumulated high school graduates are channeled to other branches of education. This situation creates an important problem of quality in higher education.

Extension courses are being given as part of the efforts of public establishments which also conduct other services. There is no co-ordination among the activities concerning extension courses, and these programmes have not aimed at specific targets.

The efforts made to abolish illiteracy among adults through extension courses have not been able to produce a rapid increase in the rate of literacy.

The literacy rate in Turkey has shown a 29 per cent increase by rising from 19 to 48 per cent within the period of 1930-1965. The yearly average increase is 0.8 per cent. Children beyond school age and other people who should benefit from supplementary education, apart from that of regular schools, totalled 11.5 million in 1967 and should total 14 million in 1972 and 18 million in 1977.

Organisational efforts to teach reading and writing in facilities other than primary schools are very limited. The total number of people who learned to read and write in the army and in adult education centres during 1965-1966 was 80,000.

Utilisation of educational facilities, a significant factor in raising the quality of education, has been limited.

3. DEVELOPMENTS TO BE MADE AND POLICIES TO BE IMPLEMENTED

a. THE MAIN POINTS IN THE EDUCATION POLICY

Education, in a broad sense, means the development of the ideas, the character and the physical and spiritual qualities of the people. In this way people are enabled to comprehend and solve the problems that they encounter. The necessary education to develop new ideas is provided in the classroom and by other similar activities. Education should be provided not only by transfering knowledge, but by developing abilities such as attentiveness, reasoning, comparison and abstraction.

Education should be related to the future of the students, provide knowledge necessary for solving the problems they will encounter, be useful and attractive, help people to educate themselves, be effective in helping them earn their living and to develop liberal concepts. It should also make learning, not getting marks, attractive, should not be based on memory, should make learning a habit, expose the relationships in knowledge, teach people to trust themselves and it should encourage independent research. The basic principles will be to provide education while protecting cultural values, develop student-teacher relationships beyond school hours and to increase the responsibilities given to students.

Education, in the narrow sense, is equivalent to teaching, whereas education in the above explained concept has a broader meaning. The present concept of education is many-sided. Therefore, the variety of vocational branches and the obligation to acquire specific knowledge should have the attribute of specialisation within the broad concept of education and should not disturb the general balance of education.

Economic progress creates a demand for manpower of certain quality and quantity, while at the same time citizens want to benefit from various degrees of education and they have their own preferences. The obligation to keep educational expense at a minimum because of the scarcity of resources necessitates setting a standard in choosing social targets. Therefore, a two-fold goal has been established for short-term progress in education. The first goal is to educate the manpower necessary for economic progress. The second is to give a basic education to all citizens. Meeting the demand of people to benefit from higher levels of education, after benefiting from the educational facilities created to attain the above targets, will be in proportion to their ability because of limited resources. Based on the principle of freedom of opportunity, the higher educational facilities, beyond the basic ones, which are in the service of the whole society will be used only by those who pass the necessary examinations.

Education given to develop intellectual abilities should not be separated from education given to develop character and physical abilities. Therefore, education will be considered and implemented within this concept. Games in physical education courses are significant in developing imagination, improving character, and in developing the creative powers of children. Handicrafts which are useful in bringing out careful, responsible, prompt, creative and determined qualities in children will be given importance. Priority will be given to sports which increase the body's functioning, maintain health, develop habits like self-confidence, group behaviour, inter-dependence and fair play.

Therefore, a many-sided concept of education enables the healthy development of character.

b. FORMAL EDUCATION

Formal education is education given in schools to enable a particular age group to gain knowledge or to prepare them for a higher level school. In Turkey there are four stages in formal education; primary education, secondary education (first level), secondary education (second level) and higher education.

1. Primary Education

Primary education includes the pre-school and primary school periods. Primary education is provided to give people the ability to comprehend the problems of their society, to learn about their environment, to acquire the necessary knowledge to be able to use their rights of citizenship and to give them the minimum ability to earn their living.

(a) Pre-School Education

Pre-school education is the education of children between the ages of 3 and 6. This education will only be given to children deprived of their mother's care.

During the 1962 - 1972 period, pre-school education will be developed as independent kindergartens and kindergartens attached to primary schools. In every institute for girls, kindergartens will be established to develop their curriculum and the pre-school educational services.

(b) Primary School

The primary school curriculum will be developed in accordance with the basic education targets. In these programmes, handicrafts will gain significance and rather than teaching from books, teaching based on the methods of observation and experimentation will be implemented and programmes benefiting from games will be pursued. In all primary schools work-shops will be established next to the classrooms. All primary schools will develop as educational centres where literacy compaigns are directed, where agricultural publications can be found and where different educational and cultural activities take place.

The development targets of primary schools during 1968 - 1972 are shown in Table 85.

TABLE 85 — Total Enrollment, School Attendance Ratios and Development of First Registration in Primary Schools

(Thousand Students)

1968 - 1972 School Year	Total Population of Primary School Age (1)	Total Number of Students (2)	Total First Registration (3)	School Attendance Ratio of Total Population of Primary School Age (4)
1968 - 1969	5,520	4,950	980	90
1969 - 1970	5,650	5,230	1,060	92
1970 - 1971	5,720	5,400	1,170	94
1971 - 1972	5,780	5,780	1,270	100
1972 - 1973	5,840	5,840	1,000	100

Note : The capacity of regional boarding schools which reached 15,000 in 1967 will be increased to 30,000 by 1972.

Source : State Planning Organisation

(c) Regional Schools

The construction of regional boarding schools to meet the demand for villages whose population is not large enough to establish an individual school will be continued. Choosing the proper site for these schools will be made after the completion of studies on urbanisation trends within regional planning, regional industrial developments and the evaluation of integrated investments in all sectors of the particular region. Within the 1968 - 1972 period, secondary education (first level) will be provided in these schools. In this way, educational opportunities, particularly for graduates of village primary schools, will be secured. Regional schools will become centres of extension courses implemented by public education and other organisations. In these schools special programmes to meet the demand of villages for handicrafts and services will be implemented. When designing these schools, these needs will be considered and their minimum capacity will be 500 students. In every regional school there will be facilities for students who need special instruction.

(2) Secondary Schools (First Level)

The first level of secondary school, which follows primary school, includes the 12 - 14 age group and prepares students for a higher level of general, vocational or technical education. It also provides vocational training in certain subjects. With the exception of the first level teacher training schools and the schools which prepare students directly for a vocation, this level is similar to general secondary schools.

(a) Secondary Schools (General)

The curricula of secondary schools will be based on the methods of observation and experimentation which will be useful for students at a higher level of education and in choosing their profession. Travelling laboratories will be beneficial under this system. Handicrafts and physical education courses will be revised within the above concept.

Measures will be taken to ensure that the new schools to be opened will be of such capacity so as to get the maximum benefit from teachers and to bring the already functioning schools up to this optimum capacity. With this aim, boarding students will be accepted. Enlargement of the boarding facilities of secondary schools will be initiated to serve graduates of village primary schools who cannot continue their education.

Within the 1968 - 1972 period, the capacity of the general secondary schools will be increased to provide the proper number of graduates commensurate with the requirement of the enlarged capacity of the higher levels of education (Table 86). In addition, the goal will be to provide secondary schooling facilities to more students by new facilities depending on the amount of resources and without lowering the quality of education.

TABLE 86 — General Situation in the First Level Secondary Schools (1968 - 1972)

(In Thousand)

	Number of Primary School Graduates (1)	Transition Into Secondary Schools (%) (2)	Enrollment in Secondary Schools (First Registrations) (3)	Total Students (4)	Number of Graduates (5)
1967 - 1968	581	—	—	—	—
1968 - 1969	741	39	227	682	112
1969 - 1970	950	40	296	842	148
1970 - 1971	860	41	390	1,056	184
1971 - 1972	871	42	361	1,208	224
1972 - 1973	—	42	366	1,331	279

Source : State Planning Organisation

(b) Vocational Schools of Secondary Level

These schools include village midwife schools, the first level of primary teacher training schools, technical agriculture and gardening schools, the first level of religious schools and other vocational schools of limited capacity. The capacity of village midwife schools, calculated in accordance with manpower demand, is shown in Table 87. All vocational schools, excluding village midwife schools and the first level of religious schools, will be transformed into general secondary schools and, therefore, no students will be accepted in the first grade of these schools during the 1968 - 1969 academic year. The first level of primary teacher training schools will be reorganised into boarding secondary schools.

Table 87 — Development of Village Midwife Schools (1968 - 1972)

Years	Total Number of Students (1)	Number of First Registrations (2)	Number of Graduates (3)
1968 - 69	3,800	1,400	900
1969 - 70	4,250	1,600	950
1970 - 71	4,750	1,800	1,050
1971 - 72	5,300	1,950	1,200
1972 - 73	5,800	2,100	1,350

Source : State Planning Organisation

TABLE 88 — Secondary Schools (Second Level)
Development of High Schools (1968 - 1972)

(In Thousand)

	Number of Secondary School Graduates (1)	Percentage of Passage to High Schools (2)	Enrollment in High Schools (First Registration) (3)	Total Number of Students (4)	Number of Graduates (5)
1967 - 1968	85	—	—	—	—
1968 - 1969	112	55	47	169	27
1969 - 1970	148	55	62	195	31
1970 - 1971	184	55	82	235	34
1971 - 1972	224	55	101	292	39
1972 - 1973	—	55	123	360	48

Source : State Planning Organisation

(3) Secondary Education (Second Level)

(a) High Schools (Lycées)

The high school is the stage in education which prepares students for the university and higher education. The anticipated development of high schools between 1968 - 1972 is shown in Table 88.

In order to raise the quality of education provided in high schools, the number of teachers, on-the-job training of teachers and the utilisation of classroom equipment will be increased, and the number of students in each class will be decreased. Steps will be taken to increase cultural and sports activities.

(b) High School Level Vocational Schools

Schools for training primary school teachers are educational centres which provide primary education, deal with the education of adult villagers and manage the village schools as centres of extension courses and cultural activities. The expected progress of these schools during 1968 - 1972 is shown in Table 89.

TABLE 89 — Progress of Schools in Training Primary School Teachers at the High School Level (1968 - 1972)

(In Thousand)

Years	Total Students (1)	First Registrations (2)	Graduates (3)
1968 - 1969	47.9	16.7	11.6
1969 - 1970	52.1	17.8	14.3
1970 - 1971	57.5	18.9	15.0
1971 - 1972	64.7	20.6	16.7
1972 - 1973	72.8	22.8	18.9

Source : State Planning Organisation

The curriculum of schools to train primary school teachers will be developed to train teachers who will use the methods of games, crafts and observation which have been added to primary school programmes. Training will be provided according to the needs of the extension course programmes in which they will carry responsibility.

The first level of the six-grade schools for training primary school teachers will be transformed into a general secondary school level with the primary school teacher training school structure.

In order to develop and propagate modern agriculture which includes forestry and live stock breeding, agriculture schools at the level of high schools will be established.

The curricula of these schools, which will also form the basis for higher education, will be considered within the framework of the educational system.

The existing schools will be considered and reorganised with the same thought in mind.

The development of agricultural schools at this level during 1968 - 1972 is shown in Table 90. The programmes of these schools which cover agriculture, forestry and live-stock breeding will be expanded to include subjects which will help students succeed in their vocation, increase their ability in human relations and which will therefore make their work in villages easier.

Technical institutes for girls, particularly girl's technical schools, are developing their programmes to train a female labour force according to the demands of the economy. Within 1968 - 1972 these schools will be reorganised into centres from where extension courses and social activities will be implemented. In order to permit the contribution of students to production, the size of the revolving capital will be increased. Summer and graduate training will be compulsory in the technical institutes for girls and programmes will be developed for them to demonstrate educational activities to groups within their environment. As an adjunct of education, the care of children whose mothers are working or those who are deprived of their mother's care will be secured.

TABLE 90 — Development of Agricultural Schools at the High School Level (1968 - 1972)

	Animal Hygiene Schools			Regional Agricultural Schools			Forestry Technical Schools		
	Total Students	First Registrations	Graduates	Total Students	First Registrations	Graduates	Total Students	First Registrations	Graduates
Years	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1968 - 1969	350	200	125	1,550	650	375	625	150	140
1969 - 1970	550	325	175	1,800	750	425	775	200	150
1970 - 1971	800	450	300	2,100	850	500	950	275	175
1971 - 1972	1,050	550	400	2,350	950	550	1,150	350	200
1972 - 1973	1,350	700	500	2,600	1,000	650	1,350	400	250

Commercial schools provide both general high school education and vocational training so that its graduates, if they do not continue on to higher education, will be able to occupy their proper place within the working community. These schools, which made up 12 per cent of the general high school capacity in 1967, will be developed by keeping in mind the areas of specialisation arising in the services sector particularly, and their capacity will be increased at the same rate as that of general high schools within the Second Plan period.

The development of high school level health schools is shown in Table 91.

TABLE 91 — Development in the High School Level Health Schools (1968 - 1972)

Years	Total Number of Students (1)	First Registrations (2)	Number of Graduates (3)
1968 - 1969	4,350	2,000	650
1969 - 1970	6,600	3,000	900
1970 - 1971	10,100	4,700	1,200
1971 - 1972	14,850	6,600	1,750
1972 - 1973	20,400	8,350	2,500

Source State Planning Organisation

(c) High School Level Technical Schools

Today the high school level technical schools are schools that educate artisans in various fields. The expected development in the quality of these schools within the Second Plan period is shown in Table 92. In order to meet the increasing demand for technicians during this period, the matriculation period of these schools will be increased to four years, and by making changes in their educational programmes they will be raised to the quality necessary to provide technicians. The continuation to higher education by graduates of these schools in their specialised subjects will be secured. The educational programmes of schools at this level will be supplemented with the technical subjects required for the level of technicians.

The defects observed at this level and, in general, all the defects of technical education can be solved by taking into consideration its relationship with industry. This will be realised by developing production

TABLE 92 — The Growth of High School Level Technical Schools (1968 - 1972)

		1968 - 1969	1969 - 1970	1970 - 1971	1971 - 1972	1972 - 1973
		(1)	(2)	(3)	(4)	(5)
Total Number of Students	Machinery	5,950	7,700	9,700	12,100	15,000
	Construction	8,650	12,500	17,700	24,000	32,000
	Electricity	3,800	5,500	7,600	10,000	12,600
	Mining	600	750	750	800	900
	Chemistry	350	400	500	650	750
	Total	19,350	26,850	36,250	47,550	61,250
Number of Graduates	Machinery	550	750	1,000	1,300	1,650
	Construction	550	600	1,200	1,900	2,700
	Electricity	200	300	550	900	1,200
	Mining	100	100	100	150	150
	Chemistry	50	50	50	100	100
	Total	1,450	1,800	2,900	4,350	5,800
Number of First Registrations	Machinery	2,100	2,600	3,200	4,000	4,900
	Construction	4,400	6,000	8,000	10,350	13,500
	Electricity	1,150	1,500	1,900	2.250	2,700
	Mining	200	200	200	250	250
	Chemistry	150	150	200	200	250
	Total	8,000	10,450	13,500	17,050	21,600

Note : Calculations are made on the assumption that the existing technical institutes will be raised to the level of four-year technical schools beginning in the 1968 - 1969 academic year.

activities in technical schools, by adapting students to work life while still in school, by establishing a direct relationship between education and industry, by securing the training and applied studies needed in industry by the rapid transmission of industrial developments into educational programmes, and by arranging programmes related to post-graduate activities.

(4) Vocational and Technical Schools Beyond the Secondary Level

The schools at this level are technical schools, higher level technical schools, vocational schools for girls and secretarial schools. The three-year curriculum of technical institutes, which preceeds high school in level, will be increased to four years to train workers as technicians. It is, therefore, not necessary to provide additional education for technical personnel. Because of this, the technical schools and higher level technical schools will not accept new registrations in the 1968 - 1969 academic year and will be closed in 1971. Vocational teacher training schools for girls and secretarial schools will be developed within the objectives of technical education for girls as explained above.

(5) Higher Level Education

The university and other institutions of higher learning provide the highest level of manpower and personnel for science and all other fields. Higher level education as a whole is developed to meet manpower demands. The problem of the insufficient number of teachers in the existing universities and other schools of higher education, and the unsuccessful efforts to provide teachers creates difficulties in opening new universities and other schools of higher education within the next Plan period. The necessary increase in the capacity of higher education within the Second Plan period will be met by expanding the existing universities and particularly by creating additional capacity in other schools of higher education. To increase the quality of higher level schools, preference will be given to opening institutions connected with the universities. In order to make higher education facilities available throughout the country, maximum use will be made of schools of higher education. After meeting the demand for faculty members by long-term programmes, it will be possible to open new universities around the nuclei of these higher level schools. The establishment of each new university will be treated as an independent project, and long-term preparations will be made. In order to supply faculty members for higher education projects, projects for sending doctorate students abroad on scholarships will be continued, and within the Second Plan period attempts will be made to send 3,000 students abroad for such studies. To recruit more faculty members, assistantships and faculty memberships should be made more attractive, and assistants who have received their doctorate should be employed in teaching immediately. To provide faculty members for universities established in small cities, promotions will be possible only after a certain period of service in these universities and additional incentives will be provided for such faculty members. Universities which necessitate facilities in order to realise their necessary rapid growth will be given the required flexibility in their status. Maintaining wide-spread university co-operation and the establishment of an organisation which will implement the related activities, will be encouraged. Attempts will be made to establish relations with the areas of employment of the graduates of universities and other institutions of higher education to reflect the demands of business life in educational programmes and to keep in touch with the graduates.

Resources will be secured to increase the educational and research abilities of universities.

Opportunities will be provided for all students who come from high school technical or vocational schools to continue on with higher education after a preparatory period which will provide the necessary background for them. A system which will encourage these students to continue their higher education in their specialisation will be developed to meet manpower shortages and to prevent waste of resources. Preparatory classes under university sponsorship will be established for students coming from high school level technical and vocational schools whose education is not adequate to follow higher level courses.

The establishment of post-graduate studies by universities to provide new faculty members through special programmes, doctorate programmes outside the university, intensive foreign language programmes and publishing activities, will be encouraged. Vacancies in industry, nuclear energy and electronics which are not supplied through the present educational programmes and which are supplied by related fields will be established at the university level. The continuous transmission of new scientific developments into educational programmes and the contribution of the universities research will be secured. There is a shortage of researchers and teachers in the basic sciences. To cover this shortage, 2,000 scholarships to be used in Turkey will be provided and the Turkish Scientific and Technical Research Organisation will co-operate with universities and follow up the implementation of these scholarships.

The anticipated developments in higher education within the Second Plan period are shown in Tables 93, 94, 95 and 96.

The total school age population, the total number of students at all levels, the proportion of schooling and the distribution are shown in Tables 97 and 98.

TABLE 93 — Developments in the Teacher Training Institutes (1968 - 1972)

Years	First Registrations	Graduates	Total Number of Students
	(1)	(2)	(3)
1968 - 1969	4,600	1,750	10,100
1969 - 1970	7,000	3,800	15,200
1970 - 1971	8,800	5,850	19,100
1971 - 1972	10,600	7,400	23,100
1972 - 1973	13,000	8,950	28,150

Source : State Planning Organisation

TABLE 94 — The Growth of Agricultural and Technical Higher Education (1968 - 1972)

	Years	1968 - 1969	1969 - 1970	1970 - 1971	1971 - 1972	1972 - 1973
	(1)	(2)	(3)	(4)	(5)	(6)
Architects & Civil Engineers	First Registrations	5,050	5,950	7,050	8,400	10,050
	Graduates	1,300	1,400	1,600	1,900	2,300
Mechanical Engineers	First Registrations	1,100	1,350	1,700	2,100	2,650
	Graduates	360	380	425	510	615
Electrical Engineers	First Registrations	705	845	995	1,195	1,445
	Graduates	255	260	255	295	345
Mining Engineers	First Registrations	330	400	490	590	700
	Graduates	130	145	175	210	245
Industrial Engineers	First Registrations	325	380	510	710	950
	Graduates				125	205
Textile Engineers	First Registrations	50	50	60	85	110
	Graduates				20	25
Other Engineers	First Registrations	120	170	225	290	360
	Graduates			15	35	60
Topographers and Cartographers	First Registrations	100	125	150	180	230
	Graduates	35	45	60	75	90
Agricultural Engineers	First Registrations	730	795	870	955	1,050
	Graduates	410	425	450	490	520
Forestry Engineers	First Registrations	365	415	470	530	595
	Graduates	170	190	205	225	255
Zoologists & Veterinarians	First Registrations	290	385	485	595	720
	Graduates	60	75	95	140	190
Physicists and Geophysicists	First Registrations	635	680	745	815	900
	Graduates	160	180	225	245	260
Chemists & Chemical Engineers	First Registrations	915	925	930	940	960
	Graduates	390	425	430	440	450

Source : State Planning Organisation

TABLE 95 — Development in Higher Health Education (1968 - 1972)

Branches	Years	1968 - 1969	1969 - 1970	1970 - 1971	1971 - 1972	1972 - 1973
	(1)	(2)	(3)	(4)	(5)	(6)
Medical Doctors	First Registrations	1,710	2,210	2,820	3,550	4,330
	Graduates	620	650	630	630	760
Dentists	First Registrations	550	620	690	790	890
	Graduates	150	360	340	380	410
Pharmacists	First Registrations	680	700	740	780	850
	Graduates	410	470	500	500	520

Source : State Planning Organisation

TABLE 96 — University Capacity (1968 - 1972)

(In Thousand)

	Science & Technical Subjects (Number)	(%)	Medicine (Number)	(%)	Agriculture (Number)	(%)	General (Number)	(%)	Total (Number)	(%)
Years	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1968 - 1969	33.0	26	13.3	11	6.3	5	73.3	58	125.9	100
1969 - 1970	38.6	29	14.6	11	7.1	5	74.8	55	135.1	100
1970 - 1971	45.5	31	19.2	13	8.2	6	76.3	50	149.2	100
1971 - 1972	54.2	33	23.2	14	9.4	6	77.8	47	164.5	100
1972 - 1973	64.9	36	27.7	15	10.6	6	79.3	33	182.6	100

Source : State Planning Organisation

TABLE 97 — Proportion of Students and Schooling of the Total Number of School Age Population at Every Educational Level (1968 - 1972)

(In Thousand)

Academic Year	Primary School			Secondary School (First Level)			Secondary School (Second Level)			Higher Education		
	School Age Population (7 - 12 Years)	Total Students	Proportion of Schooling (%)	School Age Population (13 - 15 Years)	Total Students	Proportion of Schooling (%)	School Age Population (16 - 18 Years)	Total Students	Proportion of Schooling (%)	School Age Population (19 - 22 Years)	Total Students	Proportion of Schooling (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1968 - 1969	5,521	4,951	89.7	2,447	730.1	29.8	2,138	296.2	13.9	2,366	125.9	5.3
1969 - 1970	5,652	5,227	92.5	2,554	891.2	34.9	2,255	339.6	15.1	2,482	125.9	5.3
1970 - 1971	5,716	5,399	94.5	2,606	1,105.9	42.4	2,338	399.8	17.1	2,606	149.2	5.7
1971 - 1972	5,783	5,783	100.0	2,658	1,258.4	47.3	2,423	481.3	19.9	2,739	164.5	6.0
1972 - 1973	5,849	5,849	100.0	2,714	1,381.9	50.9	2,511	578.4	23.0	2,880	182.4	6.3

Source : State Planning Organisation

TABLE 98 — Distribution of Students in General Vocational and Technical Schools and in Secondary Schools of Second Level (1968 - 1972)

(In Percent)

Academic Years	High School General	Agricultural Schools	Technical Schools	Health Schools	Primary Teacher Training Schools	Technical Schools for Girls	Other Vocations	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1968 - 1969	57.5	0.8	6.6	1.5	14.3	5.2	14.1	100
1969 - 1970	57.5	0.9	7.9	1.8	13.7	4.8	13.4	100
1970 - 1971	58.2	0.9	9.0	2.5	12.9	4.2	12.3	100
1971 - 1972	59.3	0.9	9.6	3.0	12.1	3.6	11.5	100
1972 - 1973	60.2		10.2	3.4	11.4	3.0	10.9	100

Source : State Planning Organisation

c. GENERAL POLICIES

The vertical transition in educational levels will be reorganised so as to enable capable students to attain the highest levels. The passage from secondary level vocational and technical schools to higher levels within their own field of specialisation will be made by establishing preparatory classes sponsored by the higher school itself, and the students will be selected by a special system.

Priority will be given to the attainment of the desired quality in buildings, equipment and staff of the teacher training schools.

A policy will be adopted which will prevent the transfer of teachers to other fields of employment, which will secure maximum benefit from them and which will provide a balanced regional distribution of teachers.

Students with limited financial means will be enabled to benefit from the opportunity of higher education beyond primary school in accordance with their potential and under equal conditions through increased free boarding opportunities and scholarships and by increasing the volume of reimbursable credits extended. On the other hand, students with sufficient financial means will have to contribute to their educational expenses although only by a limited amount. The proportion of village primary school graduates to be accepted to boarding schools will be determined by annual programmes. This proportion cannot be lower than 75 per cent.

New schools and training courses, particularly those giving professional and technical education in new branches or levels of any profession, will not be opened before the required manpower in that particular field is determined. The rights of graduates from every new school or course to be opened will be fixed and publicised before students are enrolled.

Special programmes will be initiated to educate teachers and faculty members in fields where the manpower need is great and the supply is limited.

Evening courses will be made available at every level of education in accordance with the manpower needs. But it is essential that this service should not impair the daytime activities and scientific curruculae of the school concerned. In situations where such problems are created evening courses will not be offered.

Private schools will be inspected in accordance with the objectives of the educational policy and their educational and physical standards will be controlled. The schools of higher education will be continually under the inspection of an association within the universities which will operate under the guidance of the Ministry of Education.

d. CREDIT FACILITIES, DORMITORIES AND SCHOLARSHIPS

The availability of credit facilities, dormitories and scholarships is the most significant instrument to secure social justice and equal opportunity in education. A wide range of scholarships will be secured to enable capable students of insufficient financial means to pursue their educational objectives. With this target the boarding capacity of the Credit and Dormitories Organisation will be increased to 20,000 by the end of the Second Plan period. The Credit and Dormitories Organisation, which is the responsible agency for credits, dormitories and scholarships, will also be authorised to inspect in this field. The Organisation will be reorganised to carry out its increased responsibilities.

The regulations limiting the number of free boarding students to half of the tuition paying boarders will be abolished to increase the volume of free boarders. The boarding capacity will be increased to cover 4 per cent of the total students at the secondary educational level, excluding students of the professional and technical schools.

e. CONSTRUCTION OF EDUCATIONAL FACILITIES

A considerable proportion of educational expense is allocated to investment. The construction of standard types of schools having similar usage has resulted in large savings in cost.

The achievement of targets with limited resources and without lowering the quality of education depends on reducing expenses devoted to educational facilities to a minimum without hindering the educational objectives. With this goal in mind, public contributions and the use of the force account system will be encouraged for primary school construction. At other levels the cost will be reduced by establishing economic standards. The standard investment cost per student at every level of education will not exceed those shown in Table 100. To prevent delays in the realisation of investments, the determination of the proper site and the preparation of the construction projects will be completed one year before the actual investment date. The majority of educational investments are being executed by the Ministry of Public Works on behalf of the Ministry of Education. Continuous co-operation will be secured between these two ministries to achieve the above targets and to realise joint activities. Pre-fabricated construction will not be encouraged in Turkey during the Second Plan period in order to maintain a labour intensive construction technology consistent with the labour policy of the Plan. Standard elements will be used to build standard-type schools in certain villages which lack construction materials by using pre-fabricated construction facilities in certain centres.

TABLE 99 — Total Investment in Education

(In Million TL)

	1968 - 1969 (1)	1969 - 1970 (2)	1970 - 1971 (3)	1971 - 1972 (4)	1972 - 1973 (5)	Total (6)
Primary Schools	537.6	472.5	361.0	602.0	226.9	2 200.0
Secondary Schools	247.6	322.1	427.3	326.4	281.6	1 605.0
High Schools (Lycées)	65.8	91.7	136.5	191.4	229.2	714.6
Agricultural Schools	3.3	3.9	4.2	4.2	4.7	20.3
Village Midwife Schools	2.2	3.2	4.2	4.2	3.9	17.7
Ancillary Medical Personnel Schools	17.1	21.9	26.7	53.0	51.3	170.0
Technical Schools	11.5	24.2	91.5	109.7	133.0	369.9
Trade & Tourism Schools	16.8	23.4	35.6	50.1	60.4	186.3
Vocational Schools for Girls	8.5	11.1	8.0	9.2	9.8	46.6
Schools for Training Primary School Teachers	58.8	39.9	46.6	60.4	71.6	277.3
Teacher Training Schools	29.3	48.1	38.3	38.9	50.0	204.6
Higher Education (Technical and Science)	101.2	88.5	107.5	134.3	165.3	596.8
Higher Education (Medicine and Health)	27.3	19.9	58.5	52.8	60.5	219.0
Higher Education (Agriculture)	12.1	13.0	15.7	16.9	19.0	76.7
Higher Education (General)	30.5	32.8	33.5	32.0	34.4	163.2
Other Educational Investments	68.2	94.6	62.0	61.5	345.7	632.0
Total	**1 237.8**	**1 310.8**	**1 457.1**	**1 747.0**	**1 747.3**	**7 500.0**

Note : The above investments indicate the magnitudes calculated taking into consideration the capacity increases. The continuing investments and the final investment figures will be disclosed in the annual programmes.

TABLE 100 — Cost per Student by Educational Level (1968 - 1972)

(At 1965 Prices)

Educational Establishments	Building Investment to Create Capacity (1)	Educational Equipment Investment to Create Capacity (2)	Repair and Restoration Investment (3)	Cash Expenditure (Per Year) (4)
Primary Schools				
a. Day Students	1,000	100	30	250
b. Boarders	2,000	100	50	2,000 (Seasonal)
c. Regional Schools	4,000	100	50	1,000 (New)
Secondary Schools				2,000 (Seasonal)
(General)	2,000	300	50	1,000 (New)
High School				1,000
(General)	2,500	500	70	1,250
Agricultural Schools	4,000	1,250	125	2,000
Ancillary Medical Personnel Schools				
a. Boarders	6,000	3,500	250	3,500
b. Day Students	4,000	2,500	200	2,500
Village Midwife Schools	6,500	3,000	100	3,500
Technical Schools	4,500	4,750	300	2,000
Teacher Training Schools	7,500	1,500	150	3,500
Primary Teacher Training Schools	6,000	1,250	125	2,000
Higher Education				
a. Technical	7,500	7,500	400	8,000
b. Medicine	6,000	5,000	400	5,000
c. Agricultural	6,000	5,500	400	5,000
d. Other	4,000	1,500	300	3,500

Source : State Planning Organisation

f. EXTENSION COURSES

Extension courses cover the after-school education of adults to teach them to read and write, to build up their ability and education from the levels which they acquired during their schooling, to give them basic information, and to supply them with new skills to earn their living.

Extension courses complete the deficiencies of formal education and improve the abilities of those who do not continue their schooling. It is the only opportunity for those who are deprived of formal educational facilities. Therefore, extension courses cannot be considered independently of formal education. The objectives and administrative regulations for extension courses are also true for formal education.

Today various public organisations are operating extension courses within the structure of public services. But there is no co-ordination among these activities. During the Second Plan period co-ordination of the extension courses will be secured by the Ministry of Education, unified extension course programmes will be introduced to preclude duplication among the activities of the various organisations, and a close relationship between extension courses and formal education will be maintained. The present programmes of extension courses and the new programmes to be started in accordance with the objectives of the Second Plan will be concentrated under the Ministry of Education and will benefit from establishments of formal education, with the exception of cases where the new programmes are inseparable from certain public services.

On-the-job training for definite specialities which is programmed according to economic demand within extension courses, has been treated as a separate chapter. On the other hand, public education programmes will be developed to teach citizens to read and write, to teach them basic knowledge and habits, to awaken in them a desire for knowledge, to help them lead a more modern and better life, to aid them to comprehend and solve their problems and to organise among themselves for this purpose, to help them secure jobs and develop their skills, to help them pursue studies in fields of public interest, to train them according to the requirements of their environment, and to develop their interests.

Although the public education programmes are activities requiring public participation they will be conducted as a service secured by the State for all citizens.

The application of training programmes for women which elevate the high value of women as housewives and mothers in Turkish society in an effective way, is of great significance. At present, this education is being provided, in part, by programmes of "mother and child health", "public health" and "family planning" within the extension courses directed towards the village and in various levels of technical training for girls.

These programmes for women will be handled with special care during the Second Plan period and efforts will be made to disseminate information for housewives and mothers to the people through the help of special training programmes for women and technical education establishments for girls. These programmes will be made available to the female population of various levels by the Ministry of Education.

The use of regional schools will be secured for these activities and the mobile courses for village women will be included in the structure of the Ministry of Education and will be supported by the technical training establishments for girls.

The proper significance will be attributed to women's education in all programmes for girls' technical schools.

The programmes of the night vocational schools for girls which come under extension courses will be developed within this concept.

All activities concerning women's training will be handled with special care and a "women's training" campaign will be conducted by the Ministry of Education assisted by other concerned ministries, public organisations, associations and volunteer establishments to introduce and apply these activities throughout the country. The necessary measures for the application of special programmes for women's training will be adopted immediately.

Literacy will be given particular emphasis in these activities and 5 million citizens will be taught how to read and write during the Second Plan period in a "literacy mobilisation" drive through the joint efforts of public and volunteer organisations. People enrolling in these courses will also receive basic general knowledge.

Films, radio, TV and graphic arts will be widely used in extension courses.

ON-THE-JOB TRAINING

1. OBJECTIVES

a. As distinguished from formal and wide-spread educational programmes directed to the whole society and aiming to realise the general objectives of education as a whole, on-the-job training has limited objectives and only covers persons working under certain conditions. However, such training is necessary to increase productivity and improve the quality of goods and services produced. Therefore, for economic development the goal will be to train qualified manpower needed at every level in all the sectors by on-the-job training, thereby saving time and educational costs.

b. On-the-job training will be conducted in all sectors and at every level in order to provide workers with knowledge and abilities related to their work but which could not be obtained at school; to enable vertical mobility of labour; to furnish workers with knowledge of technological improvements; to enable surplus manpower to transfer to other areas as a result of changes in technology in the various sectors and in the relationships among sectors.

c. On-the-job training programmes will be related to formal and wide-spread vocational education programmes which will complete and develop other vocational education programmes.

2. PRESENT CONDITIONS

An effective system of on-the-job training has not yet been established despite its implementation over a long period of time. Most of the public enterprises and employers have not accepted the necessity of methodical and programmed on-the-job training. In industry the training of workers as apprentices of artisans continues so that the employer will not bear a great burden. Limited on-the-job training is provided in industry since it has been necessary to open courses is establishments above a certain size. Such activities in the services sector are even more limited. Labour unions have not given the proper importance to on-the-job training, other than syndicate training.

The Labour Law has empowered the Employment Agency with the control of on-the-job training. Developments of this type have been curtailed by insufficient understanding of the importance of on-the-job training in industry, the lack of personnel to conduct such training in establishments and the limited use of controls. Table 101 shows the development of on-the-job training courses during the period 1959 - 1966. The limited number of trained personnel indicates the difficulty of the problem.

TABLE 101 — The Number and Distribution of Workers Who Completed Various Courses (1958 - 1966)

	Number of Trained Personnel			Number of Courses	Number of Courses
	Artisans	Semi-Skilled Workers	Apprentices	Type A	Type B
Years	(1)	(2)	(3)	(4)	(5)
1959	479	1,001	796	320	214
1960	298	1,068	966	194	87
1961	287	888	1,071	587	299
1962	423	649	1,096	350	260
1963	481	633	1,203	776	313
1964	477	591	1,221	422	306
1965	280	316	751	515	175
1966	222	527	1,043	735	152
Total	2,947	5,673	8,147	4,009	1,845

Source : Labour and Employment Agency

Note : A and B type courses have been conducted through the co-operation of the Ministries of Labour and Education. Type A courses are for people who are not related to the vocation, or for those who have entered the vocation recently. Type B courses are advanced courses for graduates of Type A courses.

In addition to the on-the-job training activities in industry indicated above, 370 training directors, 3,300 supervisors, 7,500 workers and 2,700 apprentices have been trained since 1958 in various training programmes.

Success has been limited in training new personnel in industry by the insufficient importance given to on-the-job training, the disproportionate obligation to open courses imposed on establishments as compared to need, the allocation of unnecessarily long periods for artisan and foreman courses, the insufficient benefits obtained from apprenticeship courses as a result of the lack of definition of apprenticeship and the insufficient scope of the law.

Foremen have a significant role in the development of on-the-job training in industry. At the Ankara Vocational Training Centre established in 1962 under the Ministry of Education, 812 workers from different business areas were trained as foremen during 1963 - 1966.

There are significant differences in the educational level among persons participating in the above-mentioned vocational training centre. This is caused by the differences in definition of the qualifications of foremen.

It is necessary to establish a system specifying the duties and responsibilities of related organisations in organising and implementing on-the-job training programmes in industry. In Turkey on-the-job training policies are carried out by different organisations in industry according to their own understanding. The Advisory Commission, convened in 1963, gave the responsibility for on-the-job training to the Committee for Implementation of Training in Industry, but this committee has not been effective for various reasons. Responsibility in this area continues to be divided among the Ministries of Education, Labour and Industry.

In the services sector personnel training is being conducted on a limited scale by public organisations (Table 102). The Institute of Public Administration for Turkey and the Middle East which conducts research and educational programmes, is an important factor in this field.

The above institute undertakes on-the-job training activities covering "general education and training programmes" and "organisation and method courses". A total of 900 personnel were trained in these programmes during 1955 - 1956. Administration seminars are also conducted. During 1964 - 1966, 700 persons participated in these seminars. Another important organisation in this area is the Administrative Economics Institute of the Faculty of Economics of Istanbul University.

In addition to the on-the-job training in industry and public organisations described above, the Labour Institute for the Near and Middle East, the National Productivity Çentre. Türk-İş and various universities, colleges and banks carry out on-the-job training activities on subjects in their particular fields for public and private sector personnel at various levels.

3. DEVELOPMENTS DURING THE SECOND PLAN PERIOD

Table 103 shows the number of workers needed by the economy in different sectors during the Second Plan period. The numbers indicate the overall demand for trained workers in all sectors of the economy for the specified years. Additional training capacity is needed since on-the-job training programmes at present meet only a portion of this demand.

TABLE 102 — On-the-Job Training in Organisations in the General and Annexed Budgets (1963)

Organisations	Persons Trained			Persons Not Trained			Not Trained
	Women	Men	Total	Women	Men	Total	Percentage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Budget Organisations	8,660	29,406	38,066	38,285	157,417	195,702	83.7
Annexed Budget Organisations	240	2,545	2,785	3,221	27,054	30,275	91.6
Total	**8,900**	**31,951**	**40,851**	**41,506**	**184,471**	**225,977**	84.7

Source : State Statistical Institute

TABLE 103 — Distribution of Demand for Manpower by Occupation (1968 - 1972) (In Thousand)

Vocations	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)
1. Furnacemen, Rollers, Drawers and Moulders	23	26	28	30	33
2. Occupations Related to the Manufacture and Repair of Machinery	297	317	339	364	392
3. Occupations Related to the Manufacture and Repair of Electrical Equipment	48	52	57	61	67
4. Weavers and Other Textile Workers	209	222	234	248	264
5. Tailors, Furriers and Shoe Makers	294	309	325	341	360
6. Occupations in the Manufacture of Wood, Rush and Cane Products	190	204	219	235	252
7. Occupations Related to Food, Beverage and Tobacco Manufacturing	129	137	145	153	162
8. Occupations Related to Construction	186	209	241	264	296
9. Occupations Related to the Manufacture of Stone, Marble and Ceramic Products	50	56	63	71	79
10. Other Craftsmen and Workers	68	73	79	84	90
Total	**1,494**	**1,605**	**1,730**	**1,851**	**1,995**

Source : State Planning Organisation

TABLE 104 — Distribution by Profession of Extension Courses and Net Capacity to be Created (1968 - 1969)

Vocations	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)
1. Furnacemen, Rollers, Drawers and Moulders	1,000	1,500	2,000	2,500	3,000
2. Occupations Related to the Manufacture and Repair of Machinery	8,000	10,000	14,000	17,000	25,000
3. Occupations Related to the Manufacture and Repair of Electrical Equipment	1,500	2,000	2,750	3,400	4,300
4. Weavers and Other Textile Workers	12,500	14,500	15,000	16,500	18,700
5. Tailors, Furriers and Shoe Makers	7,000	8,500	8,900	10,500	12,000
6. Occupations in the Manufacture of Wood, Rush and Cane Products	11,000	13,000	14,500	16,200	18,500
7. Occupations Related to Food, Beverage and Tobacco Manufacturing	7,000	8,700	9,800	10,700	11,700
8. Occupations Related to Construction	16,000	22,600	30,500	31,000	31,000
9. Occupations Related to the Manufacture of Stone, Marble and Ceramic Products	5,000	6,850	8,650	9,600	10,400
10. Other Craftsmen and Workers	3,500	4,750	5,000	5,550	5,900
Total	**72,500**	**92,500**	**111,100**	**122,950**	**140,400**

Source : State Planning Organisation

4. POLICIES TO BE IMPLEMENTED

a. On-the-job training in industry concerns the Ministries of Education, Labour and Industry. The training of foremen and management personnel at the Vocational Training Centres will be conducted by the Ministry of Education, through utilising the existing facilities. It is the responsibility of employers to give on-the-job training by utilising foremen. The Ministry of Labour will be responsible for specifying areas for the training of foremen, for the control of on-the-job training programmes of workers and foremen conducted by employers, and for ensuring co-operation between employers and related ministries and other organisations.

Outlines of the programmes for on-the-job training of foremen and managers will be prepared jointly by the Ministries of Education, Labour and Industry according to the needs of employers and taking into account technological changes.

b. Representatives related to education in the public and private sectors in industry will participate every year in the Advisory Commission organised by the Ministry of Labour. This commission will clarify the activities of the three ministries related to implementation.

c. On-the-job training in industry will not be thought of as being only for apprentices, workers and foremen, but will cover all the divisions of manpower employed in industry. The training of middle and upper level industrial administrators will be given importance in view of the characteristics of industrial management. The Ministry of Labour will co-operate with schools of higher education on the middle level programmes organised by the Ministry of Education.

On-the-job training in industry will be conducted at work, except for the training of foremen. Priority will be given to the training of foremen with teaching ability at the training centre so that the workers that are trained later will not be taken from production. Training will take place at the job site to reduce cost. This subject will be supported by appropriate legislation.

d. Certificates describing the skills of trained workers, artisans, foremen, and technicians will be demanded by employers and the authority and responsibility of technical manpower will be specified for all levels.

e. The training of higher level public administrators will be ensured by supporting the Public Administration Institute for Turkey and the Middle East which will give post-graduate training in the public sector. The Institute will train administrators and training personnel who will undertake the on-the-job training of middle level administrators in their own organisation; no new organisations will be established in this field. The State Personnel Department will provide the necessary co-operation and guidance.

f. Orientation and educational programmes will be organised to acquaint managers with the usefulness of on-the-job training and to secure their close support.

g. It will be ensured that the graduates of schools of higher education will benefit widely from the specialised management programmes of the Administrative Economics Institute of the Faculty of Economics of Istanbul University.

CULTURAL ACTIVITIES

1. OBJECTIVES

a. Cultural activities are extremely important to develop the way of life and to increase the creative power of society. The goals to develop and direct Turkish culture for the people will be: to bring Turkish cultural activity to a higher level qualitatively and quantitatively; to train artists and personnel that will provide this possibility; to create and develop an atmosphere that will ensure the creation of new work; to perform scientific research; to determine and promote every branch of old Turkish art and Turkish folklore; to substitute valuable cultural work for that less worthy.

b. The identity of Turkish culture will be preserved in the activities undertaken to secure a place in the world for Turkish culture and to bring the results of the cultural activities of other nations to the Turkish society. International cultural exchanges will be conducted with the support of the State to provide the most effective exchange of culture.

c. Together with economic and social progress, a need for different types of cultural activity arises in certain settlements. It is necessary to foresee and meet these needs and to handle them at the same level and importance as programmes and investments in other areas. In order for cultural activities to be effective and to bring about constructive results in rural areas which benefit least from these, it is necessary to bring predominately Turkish cultural works to these regions and to present foreign cultural works by integrating them with Turkish cultural values. With this in mind, Turkish culture will be spread and kept alive throughout the country.

2. THE PRESENT SITUATION

a. READING

Books and similar publications issued by the public and private sectors in Turkey are far below the number needed. According to rough estimates 11 million books were published in 1963, including 7 million school-books. The number of books published per person was 0.36. The number of different titles published was 3,400 in 1963, 5,744 in 1964, 5,442 in 1965 and 6,100 in 1966.

Some important problems connected with reading are the high price of publications, the insufficient number and quality of libraries, the limitations of the distribution system and the low and harmful quality of the publications directed to children.

On the other hand, there is a significant increase in newspaper publication, six times that of 1920. By 1962 the number of newspapers and magazines published had risen to 1,653.

b. LIBRARIES

There are approximately 600,000 volumes in the National Library. Half of these are in foreign languages. In 1966 the services of the General Directorate of Libraries included, in addition to the Beyazid Library and the Süleymaniye Writing Centre which are of a special nature, 208 public libraries, 179 children's libraries, 160 home-loan services and 38 mobile libraries. There is a significant yearly increase in the number of persons utilising these services.

Library buildings are insufficient in quality and quantity. In addition to the need for a National Library building, additional capacity must be created, particularly in centres where urbanisation is the greatest. The libraries of various organisations, especially those of the universities, are other important facilities in addition to the general libraries mentioned above. There is not enough coordination between adult education and library activities and there is a manpower shortage at the middle level in libraries.

c. ANTIQUITIES AND MUSEUMS

At present there are nearly one million cultural and art objects in Turkey in 71 museums attached to the General Directorate of Antiquities and Museums. In addition, there are buildings, excavation sites and archeological areas that are of cultural value. The increasing interest in benefiting from these values is reflected by the fact that in 1965, 50 per cent more persons than in 1964 utilised the museums alone, raising the number to 3 million. However, the capacity of museums is not sufficient to get the greatest benefit from existing works. The main problems in this area are the preservation and utilisation of antiquities and the limited archeological activities due to the shortage of trained personnel. There is also a lack of archives and museums that will make the documents related to the activities of the art organisations of the State available to future generations.

d. OLD TURKISH ARTS AND TURKISH FOLKLORE

There is not enough research and publication on old Turkish arts. Therefore, Turkish decorative arts, architecture, literature and musical values are not widely known. The same situation applies to various folklore branches. Publications are limited to the personal efforts of the persons working in these fields. The Turkish Folklore Institute of the Ministry of Education has not been fully established and, therefore, has not yet reached the desired strength.

e. THEATRE AND MUSIC

There has been significant development in the public and private sectors in theatrical activities.

Turkish plays are gaining increasing importance in the yearly growth of the State Theatres and the audience of these theatres increased by 400 per cent between 1950 - 1960. The number of concert-goers also increased but the activities of the State Opera and Ballet were limited.

In addition to its activities in Ankara, the State Theatre performs in the İzmir and Bursa Theatres and in cities without theatres and it is becoming increasingly popular and developing wide-spread audiences. Within this favourable atmosphere created, private theatres have emerged to meet the increasing demand for theatre. However, sufficient support is not being provided for the growth of private theatres. The establishment of regional theatres to provide theatrical services throughout the nation has been delayed. The opportunities for artists to be trained for the theatre, music, ballet and national dance groups are not balanced among the regions and there is a shortage of trained artists in these branches of the arts.

f. MOVIE PRODUCTION

Cultural films are an important means of education but their use at present is limited as the responsible organisations have only recently started their activities in this field. In the area of private film production, in general the movies are of low artistic and educational value. There has been no progress in encouraging the production of worthwhile films and in training professionals in this field.

g. RADIO

Radio, as an effective means of education, has the means to support and spread cultural activities. While all radio programmes influence the society's culture, special educational programmes are particularly important in this respect and regional radio stations have a special obligation to meet this need. However, at present activities are limited.

3. POLICIES TO BE IMPLEMENTED

a. Scientific, literary and artistic activities will be encouraged, exhibitions will be opened, contests will be held and prizes will be given to raise the amount and quality of cultural work and to increase the production of new work. The State will purchase work of high quality to help the creation and dissemination of work of high caliber throughout the country. The literature of old Turkish writers will be preserved by simplifying it so that new generations can understand it, the basic literature of the Western world will be translated, a library of basic literature totaling at least 1,000 good translations, inexpensively sold, will be realised within the Second Plan period and a distribution system will be developed.

Library buildings will be brought up to the number and quality needed to satisfy demand. The activities of the General Directorate of Libraries and the organisations concerned with adult education will be coordinated to increase the number of home-loan services and mobile libraries. Measures will be taken to train the manpower needed for libraries.

b. In order to help the development of worthwhile work instead of that without cultural value, the State will increase its participation in various cultural services and ensure the balanced distribution of this work to the people. Children will be protected from harmful publications and the efforts of private organisations in this respect will be supported.

c. In order that Turkish culture will take its place in the world, special programmes of Turkish artistic and literary activities will be prepared and supported through publicity in other countries; contact by foreign artistic and literary persons and groups with their counterparts in Turkey will be provided; international cultural festivals will be organised; Turkish literature will be translated into other languages; artists and literary persons will be enabled to follow developments outside Turkey; and participation in international cultural festivals will be made possible.

d. In order to spread and keep alive cultural activities in Turkey, publications will be disseminated and exhibitions, films with cultural value, successful stage plays and music will be provided in certain centres and rural areas. It will be ensured that existing works are preserved and that cultural activities in the country are supported. For this purpose, mobile libraries will be increased.

e. The objective of this programme is to ensure the utilisation of cultural values by the greatest number of people. In addition, the preservation, utilisation and discovery of the traditional cultural heritage of the people is of the utmost importance. This point will be kept in mind when conducting and developing the cultural activities of different organisations.

The Turkish Folklore Institute will be supported for this purpose and activities of this type in the Conservatories will be encouraged.

f. Local administrations and voluntary organisations, as well as public organisations, can have a role in the progress of cultural activities. These organisations will be supported in their cultural activities, in their preservation of the cultural heritage and in their programmes to protect children from harmful publications. Of these, student organisations and community centres will be encouraged in their activities concerning the dissemination of and publicity for Turkish culture inside and outside Turkey and for the preservation and continuation of traditional folk culture.

g. Regional theatres will be established under the State Theatres to bring their activities, which are concentrated in certain centres, to areas not exposed to them and these theatres will hold regular programmes for the surrounding provinces. The State Theatres will not expand their activities in centres where the theatrical atmosphere is developing, but will try to develop in new centres. Measures for guidance, technical and financial help and encouragement will be provided to ensure a more effective activity of municipal and private theatres and for their establishment and perpetuation in areas that are far from cultural centres.

h. Folk music divisions will be established in the Conservatories for the continuation, preservation and development of folk music and these activities of the Turkish Folklore Institute and voluntary organisations will be encouraged.

Regional contacts will be increased so that more people can benefit from the State Opera, Ballet and Orchestra and preparations will be made for the establishment of regional orchestras in addition to regional theatres. Parallel to these activities, the classical Turkish and Western music activities of public and voluntary organisations will be supported.

i. The Film-Radio Graphic Centre of the Ministry of Education will increase its activities so that the desired documentary films are made and provided for the organisations that need them. Loans and prizes will be given to support films of high cultural and artistic value.

j. Antiquities are subject to the destruction caused by time, as well as to other harmful effects. Legislation for the better preservation of antiquities will be passed, efforts will be realised for the maintenance of these works and measures will be taken to prevent the smuggling of objects of historical value out of the country.

k. Cultural activities in the Adult Education Centres in the provinces will be extended and these centres will be developed for this purpose. Adult Education Centres will also utilise the services of voluntary organisations in such activities.

l. It will be ensured that all radio broadcasts are directed toward raising the cultural level of the society and supporting the propagation and development of cultural activities. Special educational programmes will be developed by all radio networks keeping in mind the special characteristics of the region. Television will be utilised as a means of education and the goal will be to have television broadcasts reach large groups of people.

m. Facilities within the country for the manufacture of all kinds of musical instruments will be utilised.

SPORTS

1. OBJECTIVES

a. Sports are among the main educational means for developing a strong and healthy population. Therefore, opportunities will be created to help physical and mental health by encouraging the active participation in sports of those who are at an age capable of engaging in sports but who are presently merely spectators.

b. The rôle of the State in regulating spectator sports will be extended, sports activities will be directed to the society and priority will be given to school and public sports.

c. In addition to physical education, the balanced growth of different branches of sports that give individuals the opportunity to mature in different ways, will be encouraged and the traditional branches of sports such as wrestling, target-shooting, archery and horse-back riding will be supported.

d. An investment policy will be followed that will eliminate the unbalanced distribution of sports installations in the country and among the different branches of sports and that will set priorities giving weight to participant sports instead of spectator sports.

e. Amateur activities in the different branches of sports of the sport clubs will be encouraged to turn them into organisations that create an opportunity for the active participation of large numbers of people in sport and cultural activities.

2. PRESENT CONDITIONS

a. Sports are important in developing the physical and mental condition of the people, which is the main element in economic and social development.

At the same time, sports have a favourable influence on the social and cultural development of individuals, in developing habits of self-confidence, group work, inter-dependence and honesty of behaviour.

b. DEVELOPMENT TRENDS

1. State-Sports Relationship

The General Directorate of Physical Education, established in 1938, was under the Ministry of Education during 1942 - 1960 and has been under the Prime Ministry at all other times.

The General Directorate of Physical Education, which is responsible for handling sports activities that "ensure development of physical and moral abilities of the citizens according to national and reformist goals", directed sports as an element of education during 1938 - 1948 and engaged in activities encouraging youth and the public toward participating in sports.

When the knowledge of sports of the society grew and the interest in sports increased, the General Directorate of Physical Education shifted from public sports activities to the regulation of spectator sports. As a result, while professionalism was accepted in football, the necessary measures were not taken for preservation of the amateur branches of sports.

In Turkey at present, sports are carried on in a haphazard way and school sports are neglected. There are not enough qualified sports instructors, and personnel at every level are trained unsystematically. Spor-Toto revenues are not being utilised well and are being spent for unnecessary construction jobs. Medical services in sports are neglected and amateur sports are not developing.

In addition to these problems, the obligation to allocate a certain proportion of the revenue of professional clubs to amateur branches of sports has been outside the control of the General Directorate of Physical Education. In general, the 18 federations attached to the General Directorate of Physical Education have limited possibilities of operation.

The Ministry of Education does not implement a definite programme for developing school sports, does not use methods to utilise the physical abilities of students inside and outside physical education courses and does not give special instruction to those who have not developed sufficiently. The necessary guidance is not provided to the sports organisations of universities.

The local authorities, responsible for "building and helping to build establishments that will evaluate the people's free time and protect their health", have very limited activities in these areas due to their financial condition.

There is no co-operation in sports among the Ministry of Education, the General Directorate of Physical Education and local authorities.

Despite the insufficient services of the responsible organisations, an interest in sports and the strength of youth in sports have increased in Turkey. However, due to the reasons given above, to a great extent this interest has leaned toward certain branches of sports.

In spite of the weight of the expenditures necessitated in the various sectors by the development efforts in Turkey, resources allocated to sports and the people's contribution to this field are quite high.

Sports expenditures of the General Directorate of Physical Education are shown in Table 105.

TABLE 105 — Sports Expenditures of the General Directorate of Physical Education (In Thousand TL)

Years	Investments	Current and Transfer Expenditures from the General Budget (1)
1963	49,430	5,714
1964	29,990	5,521
1965	25,000	4,692
1966	41,270	14,426
1967	49,915	17,135

(1) Expenditures from the General Budget have increased since 1965 after the participation of local authorities was terminated.

Source : Annual Programmes of the First Five-Year Plan and Budget Law.

Of these investments, the allocations to large installations to be used for spectator sports were as follows: 72.2 per cent in 1963, 74.3 per cent in 1964, 95.6 per cent in 1965, 77.2 per cent in 1966 and 78.5 per cent in 1967.

(2) Sports Clubs

Sports clubs in Turkey have been established in two ways. The clubs established according to the Physical Education Law include the youth clubs established by the General Directorate of Physical Education, the clubs attached to official organisations, sports clubs of the army and the youth clubs of private organisations. Clubs established according to the Law for Associations are youth sports clubs and specialised clubs.

In 1966, there were 1,486 sports clubs in Turkey. A large proportion of these clubs have limited means and are without club buildings and installations. More than 160,000 sportsmen are members of these clubs. However, the degree of active participation of the registered sportsmen is uncertain. Organisations with greater means are generally clubs with professional football branches. But the interest of these clubs in branches of sports other than football is limited and their function of training sportsmen has not been developing. Since the success of clubs is largely measured by the results obtained by the team in a certain branch of sports, the other functions of the clubs have consequently not had sufficient attention. This tendency has led to the utilisation of approximately 80 per cent of the club budgets for personnel expenditures.

(3) Sports Installations

The development of sports in the country largely depends on the existence of installations where the people can actively engage in sports and on the operation of such installations with this understanding.

Sports expenditures generally tend toward the large and expensive installations required by spectator sports. The need for such installations is evident, but in implementation the weight given to large installations is incompatible with a sports policy directed to the people and large installations with similar capacities have created capacities that are not economically sound. Since the size of these installations increases operating costs they are closed on days when no games are played, thus eliminating the possibility of direct utilisation by a large number of people who would engage in sports.

3. POLICIES TO BE IMPLEMENTED

a. ORGANISATION

(1) In solving the sports problem, the necessity has arisen for a strong administration that will give direction to the entire field. However, a new organisation only will not be an adequate solution. Although the existing Physical Education Law gives authority to the General Directorate of Physical Education to solve the problems in this area, the fact that the desired success has not been attained is a matter for conjecture. Solution of the problems depends on balancing the authority with the responsibility of the concerned organisation, thereby giving it the means for using these in a favourable way, as well as the good management of its relationship with other public and private organisations responsible in sports. With the above in mind, the General Directorate of Physical Education will be reorganised to develop and administer the sports policy described in the objectives. Thus, the regulation of sports activities, the execution of programmes and inducing the proper interest in installations will be achieved through a strong organisation.

(2) Close co-operation will be established between the organisation that will be responsible for developing Turkish sports and the Ministry of Education and it will be ensured that activities will be aimed at sports for the people, schools and universities. As a result of this co-operation, the training of sports instructors in sufficient number and quality and prompting non-school youth to engage in sports through adult education will be accomplished. Opportunities will be created to train sports personnel at every level through extensive educational programmes conducted by trained sports instructors.

(3) School sports will be reorganised to develop the physical and mental constitution of the youth, going beyond physical education courses. In these programmes attempts will be made to institute the values of self-confidence, group work, inter-dependence and honesty of behaviour, instead of a sense of competition which is alien to the goals of physical education. The physical abilities of students will be measured and special programmes will be implemented for those not developing sufficiently.

(4) Sports activities in universities largely depend on the efforts of students organisations. These activities, which are a continuation of school sports, will be supported by guidance, training and by giving students special privileges for using the installations.

(5) Attempts will be made for the balanced development of different branches of sports that give citizens the possibility to develop in different ways and support will be given to the branches of sports whose natural rate of growth is slow.

(6) The subject of medical services in sports will be developed within a central organisation managing sports as a service and expanding parallel to the development of sports programmes.

b. DISTRIBUTION OF INVESTMENTS AND SPORTS INSTALLATIONS

(1) Resources to be allocated to sports investments will be used by giving priority to the provision of a balanced distribution between the regions, branches and groups to be served.

With this objective in mind, in addition to the installations sheltering large numbers of spectators, investments will be directed in significant degree towards small neighbourhood installations to make it possible for different branches of sports to develop and to increase the number of persons engaging in sports. Through co-operation with the Ministry of Education, the establishment of these installations in connection with schools, their operation in a manner making it possible for students and the public to use them daily and partial contribution to operational expenses by the users, will be provided. Variety in the installations will be adapted to the characteristics of the surroundings.

(2) In order to utilise the time of the youth most profitably, support will be given to the development of neighbourhood sports facilities in a manner suitable for social activities other than sports, and to their conversion into youth and cultural centres by also using buildings of the connected school.

(3) Cost will be kept at a minimum in building the necessary sports facilities, depending on the level and types of activity. Construction of installations of similar capacity in the same locality, the creation of unused capacity and the use of public resources by certain clubs, will be avoided. Principles of modern management will be applied in the maintenance and administration of sports facilities.

c. SPORTS CLUBS

(1) It is necessary to change the conditions of sports clubs in light of the objectives to enable them to provide wide-spread sports and social activities for the development of sports in the country. For this purpose, it will be ensured that the property of the clubs is divided into shares to be transferred to members and that the new resources thus obtained are used for building new facilities. Advantages to be given to the holders of the shares in the use of the facilities and activities of the club will act as an incentive. The introduction of this system will increase the interest of the members in the management of the club and club activities will expand.

(2) It will be ensured that part of the funds of Spor-Toto be provided as long-term, low-interest credit to clubs for their investments that comply with the objectives of the Plan.

(3) The direction of the activities of sports clubs to many branches of sports will be encouraged and the engagement of clubs in social and cultural activities, in addition to those mentioned above, will be assisted.

SCIENCE AND RESEARCH

1. OBJECTIVES

a. Scientific work and research is man's effort to reach truth and knowledge. These efforts are recognised as the most important element in supporting and accelerating development in, as well as directly expanding the boundaries of, the sciences of industry, technology, economics and sociology.

b. The extension of studies in science and research to achieve the goals in economic and social development, the increase of the authority of research organisations in this direction and prevention of the waste of scientific potential and resources will be ensured for the successful implementation of the Plan and for the prevention of a loss of resources and time.

c. Scientists and researchers who have been trained in intellectual discipline and have a knowledge of basic principles and technology, are needed to find solutions to the new problems continually arising in the developing economy and social structure. The training of such personnel according to the direction and rate of development will be achieved by increasing the opportunities for higher level education.

d. The research potential of research organisations and of universities, together with their educational activities, will be increased to meet the requirements of economic and social development.

2. PRESENT CONDITIONS

a. DESCRIPTION OF THE PROBLEM

Scientific and technological progress is an effective means in increasing the general welfare, in the progress of individuals and society and, in short, in ensuring economic and social development.

At the present time, increases in productivity as a result of technological progress are as important as the factors of production, labour, capital and natural resources. On the other hand, scientific studies and research are fundamental to technological progress.

In almost every country, in accordance with the above circumstances, conducting research along with teaching activities in universities has not proved to be adequate. Therefore, research efforts are being organised and guided, the manpower potential in research is being developed to meet future needs, research expenditures are being increased and governments are becoming interested in research to a greater degree. In various countries, up to 3 per cent of GNP is being allocated to research and development. In Turkey this proportion is about 0.4 per cent.

Parallel to the increase in efforts in science and research, the quality of the personnel in this area is gaining importance. In various countries, the number of people working in research and development is as high as 0.6 per cent of the total population. In 1964, this figure was around 0.012 per cent in Turkey.

b. DEVELOPMENT TRENDS

Research efforts in Turkey are concentrated in schools of higher learning and public organisations.

Generally, basic research that is of academic necessity is conducted in universities where the research potential and activities are concentrated. Sufficient co-operation has not been developed between the universities and the industrial and public sectors. Since faculty members are over-burdened by teaching and administrative duties, they cannot find sufficient time to devote to research. The circumstances are not conducive to attracting personnel to research and for its organisation and management. On the other hand, the research capacity of universities is not fully utilised and libraries have not been sufficiently developed.

Research in the public sector is conducted in various ministries, in organisations attached to them and in State Economic Enterprises. A major part of research expenditures are made by this sector, but the lack of co-ordination and management among the studies limits success. The importance of research is, in general, not sufficiently understood in the organisations to which the research units are attached. Research personnel are excessively burdened by teaching and consulting, in addition to conducting research. There are no special opportunities for training researchers with high potential. Most of the research is not implemented and thus, not utilised. The existing research equipment is not being used effectively.

Research activities in the private sector are generally limited to quality control and testing. Organisations do not give importance to research since they do not have the resources to finance research expenditures and also because they can make profits at the present level of production and quality.

The Scientific and Technical Research Organisation of Turkey was established and began operating in 1963 to develop, support and regulate basic and applied research in the positive sciences. This was an important step in the field of research.

In 1967 this organisation made preparations for the establishment of an "Industrial Research Institute" which will conduct basic research of importance in establishing scientific infra-structure and in training scientists of high quality. It will also aid industrial research, which is important in influencing industrial development.

The policy provided in the First Plan for concentrating research efforts to find solutions suited to Turkey for problems in areas included in development, has not been implemented and scientific activities have generally been directed to basic research.

The Economic and Social Research Institute, which was to develop and conduct research related to Turkey's economic and social structure, could not be established in the First Plan period.

The programme for training abroad 3,000 graduates of schools of higher learning, as provided by the First Plan, to meet the need for researchers and faculty members in schools of higher learning, has made it possible for only about 500 persons to be sent abroad.

3. RESEARCH EXPENDITURES AND THE NEED FOR RESEARCH PERSONNEL DURING THE SECOND PLAN PERIOD

The financing of research and personnel needs for future years cannot be calculated from the existing demand. As a result, goals have been selected according to conditions and objectives. The ratio of total research expenditure to GNP which was 0.4 per cent in the First Plan period, will be increased to 0.6 per cent for the Second Plan period because the importance of research will be better appreciated and the need for research required by economic and social development will increase in the Second Plan period. For this purpose TL 3 215 million will be allocated to research. Research funds to be used in the public sector will be allocated to projects, and conformity of projects to the objectives and policies of the Second Plan will be the criteria in determining priorities. During the Second Plan period, the number of high-level researchers will be increased from 3,500 to 5,000.

4. POLICIES TO BE IMPLEMENTED

a. ORGANISATION

(1) Resources for research, which are limited, will be used productively and the most appropriate selection will be made in allocating resources among various alternatives during the Second Plan period to meet the needs of science and research.

(2) The importance of basic research in the scientific and cultural development of Turkey is evident. The nature of this type of research, which gives results only after a long period of time, necessitates the limitation of resources allocated to basic research activities during the early stages of development in Turkey when great efforts are being expended for development. At the same time, research manpower in this area is limited and this also restricts the growth of research activities. The gap in this respect will be filled through international scientific co-operation and the limited resources will be concentrated on the research required by economic and social development. The training of research manpower to conduct extensive studies to be made in basic research in the future will be given weight during this period. The Scientific and Technical Research Organisation of Turkey will support the basic research of universities and the co-operation of universities with the organisation will be encouraged.

(3) As a requirement of economic development and social progress, weight will be given to research in technology, organisation and control directed to lowering investment and operational costs, while increasing output. Support will be given to research whose direct contribution to an increase in productivity cannot be measured but which contributes to economic growth, to research which reveals the features of social progress, which assists accurate and timely decision-making on social subjects and which increases effectiveness in the implementation of decisions.

(4) An "Economic and Social Research Organisation" of Turkey will be established to give priority to research that will be helpful in making long-term economic and social decisions, which will conduct and organise research that will make it possible to better know the economic and social structure of Turkey and which will ensure co-operation in this respect. This organisation will work in close co-operation with the Public Administration Institute of Turkey and the Middle East, which will conduct research on administrative organisation, the Scientific and Technical Research Organisation of Turkey and the State Planning Organisation.

(5) The State Planning Organisation, universities and the Scientific and Technical Research Organisation of Turkey will co-operate with each other on a continuing basis to provide contact and communication among economic, social and technical research activities during the Second Plan period.

(6) The Scientific and Technical Research Organisation of Turkey will concentrate its studies by giving priority to research that will realise and accelerate the economic and social goals of the Plan and will be in continual contact with the State Planning Organisation for this purpose. The Industrial Research Institute, whose establishment has begun, will make a long-term programme for development of its basic research section and will rapidly develop its industrial research section according to the requirements and priorities of planned development.

(7) Expenditure for research activities in the public sector will be defined as research funds, research expenditures will be evaluated as investment expenditures and research supported by research funds of all the public organisations will be presented in the form of projects describing the objectives, scope, time-span and other characteristics of the research.

(8) The Scientific and Technical Documentation Centre and the Economic and Social Research Organisation of Turkey to be established by the Scientific and Technical Research Organisation of Turkey, will compile scientific reports, research results and all kinds of bibliographies from Turkey and other countries and will make this information available to scientists. A communications system will be established to propagate research done in the ministries and universities and to ensure co-operation.

(9) Libraries and laboratories needed for research studies will be developed and made available to scientists without discrimination.

(10) Participation in the studies of international research organisations and in joint international studies, continual contact with foreign

countries, promotion of the activites of Turkish scientists on an international scale and the contribution of foreign scientists to Turkish research efforts by working in Turkey, will be encouraged. Co-operation will be provided in science and research with developed and developing countries. Importance will be given to benefiting from the research of international organisations by participating in them through relatively small contributions, training manpower related to technical and scientific research in the best way possible and informing them of the latest developments.

(11) The knowledge acquired by managers has not been sufficient for decision-making on the diverse subjects created by a rapidly developing economy and social life. For this reason, the objective will be to base decisions on scientific research at each level in the preparation of various programmes.

(12) Support will be given to the creation through mass communication media of an atmosphere of public opinion favourable to the development of scientific studies, to inducing the private sector to conduct or organise research and research units, and to the communication of the results of scientific research to persons engaging in its implementation and to the people. The Scientific and Technical Organisation of Turkey will be at the vanguard of these activities.

(13) Legislation will be made flexible to suit the nature of the expenditure of research funds.

b. EMPLOYMENT, MANPOWER AND EDUCATION

(1) Existing scientists and research personnel will be assigned to positions where they can realise their potential and special training programmes will be organised to train the needed new personnel in sufficient quality and quantity and by the required time.

(2) A system of wages and research financing that will enable faculty members and their assistants to devote their time to teaching and research, will be implemented. Methods of financing research will be sought to prevent the limitation of research to the mere acquisition of academic promotions. Opportunities will be created to induce persons outside the universities to study for their doctorate and to go into research.

(3) Modifications will be made in educational programmes, beginning with primary school, to develop the research abilities of students and to inform them of progress in science. Students will be sent abroad to be trained for research. The legislation, in particular Law 1416, which hindered the implementation of the programme for sending students abroad during the First Plan period, will be modified and attempts will be made to compensate for the previous delay.

INTERNATIONAL TECHNICAL AND SCIENTIFIC CO-OPERATION

1. OBJECTIVES

a. Scientific and technical progress is one of the basic elements of economic and social development. The resources required for this development cannot all be provided from the means possessed by each country and the limitation of resources is one of the basic difficulties in closing the gap between developed and underdeveloped countries. Turkey will participate to a great extent in international scientific and technical co-operation which has emerged as the main solution for this field.

b. Technical assistance, which is the principal means of international scientific and technical co-operation, includes the provision of methods and manpower from developed countries to those developing and assistance for the best utilisation of manpower resources and investment potential of these countries. The technical assistance policy of Turkey, as a country giving and receiving aid, will tend towards becoming self-sufficient in the shortest time possible with the resources that are available and through technical assistance to train manpower in the country and abroad that Turkey cannot educate sufficiently with its own resources.

c. Technical assistance programmes will be organised to present, on an international level, the experience gained by Turkey in the area of economic and social development and the necessary measures will be taken to enable Turkish engineering organisations, in particular, to do business abroad.

2. PRESENT CONDITIONS

International scientific and technical co-operation began with the concept of technical assistance and pioneering in this respect was mainly done by international organisations. Parallel to this, various countries have begun giving technical assistance to under-developed countries for economic, social, cultural and political reasons. The technical aid network has greatly expanded and the technical assistance activities have accelerated as a result of the need of many countries for this type of aid and the increase in resources of countries giving assistance. The main sources of technical assistance are private organisations, foundations and social assistance groups in developed countries.

Although the nature of technical co-operation, another effective means in international scientific and technical co-operation, is similar to technical assistance it has different characteristics. The objective of technical assistance is to teach the recipient the knowledge and techniques of the donor. In technical co-operation the parties jointly try to reach a higher scientific and technical level by complementing each other's deficiencies. Important developments have occurred in this respect in recent years and economically less-developed countries have entered into economic and social co-operation by organising technical co-operation programmes among themselves.

Technical assistance to Turkey, which has been in effect for many years, has been provided from various sources. While external sources are varied, the activities in Turkey related to the provision and usage of this assistance had not been concentrated in one organisation until recently.

Since sufficent co-operation between the Ministries of Finance and Foreign Affairs, which act as administrators with the institutions requesting foreign assistance, has not always been possible in determining priorities for technical assistance areas, the programming activities considering the needs and resources as a whole have been carried out since 1962 with the participation of the State Planning Organisation. The reason for this is that priorities given to technical assistance problems must conform to the manpower requirements of planned development.

According to the division of labour between the related organisations, the State Planning Organisation is responsible for compiling and evaluating technical assistance requests, seeing to it that technical assistance will meet the need in quality and quantity, programming this assistance in conformity with the short and long-term objectives and principles of the Development Plan and initiating the co-ordination which will be technically fundamental to the programme. The Ministries of Foreign Affairs and Finance are responsible for the administrative functions which are related to implementation, such as the provision and use of the required assistance.

The elements generally included in technical assistance can be summarised as follows : provision of experts; sending personnel abroad for training; participation in international research, seminars and meetings; provision of the materials and equipment required for technical assistance projects.

The benefit expected from technical assistance, in the short-term, is the quick satisfaction of priority technical needs which cannot be provided in Turkey. This benefit is obtained by filling gaps with foreign experts and by materials provided from other countries. However, such implementation is not sufficient for a long-term solution of fundamental problems. It is necessary to refrain from relying on technical assistance as a continuing source, to begin developing resources in Turkey and to train technical personnel by using this assistance. This is the long-term objective of technical aid.

Certain problems have arisen as a result of the evaluation of technical aid programmes in which the facilities of international organisations and various countries were used through bilateral agreements during the First Plan period.

With regard to the quality of experts, the main problems concern the fact that the available number of experts required by Turkey is limited and that the ability of organisations giving technical assistance to provide high level experts is not sufficient. The contribution of experts is limited if they do not have adequate qualifications, do not conform to working conditions, and if the organisations receiving technical assistance do not perform their supporting obligations.

The fact that organisations requesting technical assistance do not describe in detail the functions of the experts and that they do not prepare a definite work programme, is an important problem connected with bringing the experts and using them. and one which causes delay and waste.

With regard to trainees, for whom a large part of technical assistance programmes are used, the limited technical assistance opportunities are wasted because of the poor selection of personnel to be sent abroad for training; the lack of basic knowledge on the part of personnel to be sent abroad; the desire to send personnel abroad although there are organisations in Turkey which can provide education at the same level on the desired subject; the lack of preparation, follow-up and evaluation of training programmes by organisations receiving aid; failure of the organisations whose training requests have been accepted and which have been included in the programmes to appoint candidates to the scholarships allocated.

It is necessary that persons to be sent abroad for training have sufficient knowledge of the language that will be used in instruction in the country to which they will go. The benefit to be obtained from being educated abroad by personnel who do not have sufficient knowledge of the language will be limited. A foreign language school has been opened in Ankara to prevent such situations.

One of the most important problems related to trainees is that they should be employed after their return in the vocation they have studied. Otherwise, only the person who was given the scholarship benefits by increasing his knowledge, not the organisation.

3. POLICIES TO BE IMPLEMENTED

a. In order to determine specific qualifications in the persons to go abroad through the auspices of different organisations for training on the same subject, the competitive or selective examinations to be held by organisations for sending trainees abroad will be standardised. The Scientific and Technical Research Organisation of Turkey and the Public Administration Institute of Turkey and the Middle East will be utilised for this purpose.

b. The insufficent knowledge of a foreign language on the part of persons to be sent abroad for training under scholarships provided from national or foreign sources limits the benefits to be obtained from such education. To correct this, persons to go abroad for education will be required to pass standard language examinations.

c. Persons who cannot be employed by their organisations within their area of specialisation after returning from studying abroad, will be allowed to work in other public organisations. Reimbursement for their studies will be demanded only in case of withdrawal from government service.

d. Utilisation of aid either in the form of credits or of the own resources of the interested organisations for persons to be educated abroad, instead of technical assistance given in the form of grants, is an unnecessary use of limited external resources; therefore, this method will be contemplated only as an adjunct to technical assistance programmes. Utilisation of technical assistance opportunities for project study will be encouraged.

e. The proper preparation of technical assistance projects is very important for successful implementation. Public organisations will be urged to make programmes for their long and short-term requests for experts, materials, and for sending personnel abroad for training, so that they can present their requests according to this programme when the possibility of technical assistance arises. In the technical assistance projects, the long-term benefit of using the opportunities for education abroad, instead of bringing experts, will be taken into consideration.

f. Organisations will present detailed descriptions of the duties of experts for the full utilisation of the experts provided through technical assistance programmes as well as of the technical assistance itself; they will provide counterpart personnel and administrative support.

g. Interested organisations will participate in international scientific and technical co-operation activities with highly qualified personnel with sufficient background and they will add the experience of Turkish scientific and technical activities to international development efforts.

h. Technical assistance projects requested by public and private organisations from foreign aid projects, and programmes of training abroad prepared by public organisations by using their own resources or through external loans will be centralised in the State Planning Organisation, to be evaluated as a whole. In this evaluation, the utilisation of all the technical and cultural assistance possibilities provided from international organisations and, through bilateral agreements will be considered.

i. While the parties giving assistance and the State Planning Organisation follow-up and evaluate the implementation of technical assistance projects, the Turkish organisations related to the project will also be urged to make a detailed evaluation of the activities of the experts and to follow-up and carefully administer the implementation of training programmes by keeping in touch with their personnel sent abroad for training.

SECTION VII

DEVELOPMENT AND SOCIAL WELFARE OF THE SOCIETY UNDER SOCIAL SECURITY

SOCIAL SECURITY

I. OBJECTIVES

a. Social security is an instrument of social policy designed to protect the society as a whole against those risks arising as a result of modernisation and industrialisation. Security, maintained in this manner, becomes an effective element in the economic and social development of the society. The social security system will be used as a means for an equitable distribution of income, for participation of the individual in the production process and the regular supply of income to individuals and their families.

b. The social security policy will cover all segments of society and the sectors of industry, services and agriculture. Thus, during the period of the Second Plan, concentrated efforts will be made to also provide social security facilities to those employed in agriculture.

c. In order to extend the risks covered by the existing social insurance system, efforts will be made to establish an unemployment insurance system, to extend the coverage of fringe benefits available to dependents and to organise a health insurance system that will provide total coverage to the families of working persons.

d. Social security for the self-employed tradesmen, artisans, small independent farmers and traders has special features which are different from that for wage earners. In order to be able to make such segments utilise social security measures and to place them within a comprehensive social security system, it will be necessary for all these segments to organise into unions, bar associations, co-operatives and chambers. All efforts in this direction will be encouraged.

e. Social security cannot be realised merely by means of social insurance schemes. As a result of modernisation and industrialisation a number of new risks become evident within the life of the society. Therefore, the existing social security measures should try to deal with these new risks. Specialised new institutions and services will be developed to cover unprotected infants, students and apprentices, as well as the wives and children of workers and labourers who are disabled either physically or mentally and those workers who are too old to be employed. Other social assistance measures also will be provided for people in need of income security.

f. The social security system will be helpful also in the more balanced distribution of income between the rural and urban areas where, at the moment, an unbalanced distribution prevails between the various income groups.

g. New business opportunities will be created as a result of the investments to be made of the accumulated funds of the social security system. Thus, the system will contribute to the more rapid development of the national income. The effect of these funds will be multiplied by directing them towards more productive fields of investment.

h. It is necessary to combine all the social insurance and social service branches under a single social security system, as they are both complementary and dependent services. During the period of the Second Plan, concentrated efforts will be made to organise social insurance and other social services within their own spheres and the general aim will be to combine the two social service institutions under a single administrative system.

2. THE PRESENT SITUATION OF THE SOCIAL INSURANCE SYSTEM

a. INTRODUCTORY REMARKS

In order to be able to discuss the question of the coverage of social insurance in Turkey, it is necessary to examine the distribution pattern of working people among the different occupations.

Table 106 shows that in five years there has been an increase of 25.5 per cent in the number of wage earners. Agricultural workers, industrial workers and civil servants are all included in this group.

With regard to agricultural workers, whose number has risen to 676,791 (612,173 seasonal workers and 64,618 permanent workers) there is not a social insurance plan in existance.

With the exception of agricultural workers, the number of workers who benefited from social security measures between 1960 - 1965 is shown in Table 107.

Between 1964 and 1965 there was a sharp increase in the number of insured persons. This was due to the Social Insurance Law which came into effect in 1964.

There are a great many differences in the social insurance opportunities provided to different working groups. Insurance policies provided for insured workers cover on-the-job accidents, occupational diseases and other forms of health insurance, and long-term unemployment, old-age and life insurance. A gratuity for infants and children of the employees of the public sector is provided in various forms.

TABLE 106 — Distribution of the Working Population Among Occupations

	1960			1965		
	Total	Male	Female	Total	Male	Female
	(1)	(2)	(3)	(4)	(5)	(6)
1. Wage-Earners	2,347,135	2,177,263	250,872	3,057,344	2,746,755	310,589
2. Employers or Self-Employed	3,839,470	3,468,222	372,248	3,971,376	3,813,864	157,512
3. Intra-Family Employment	6,220,725	1,561,022	4,659,703	6,413,447	1,697,296	4,716,251
4. Those Not Clearly Defined	495,915	490,976	4,939	149,555	146,645	2,910
Total	12,093,245	7,697,483	5,295,762	13,591,822	8,404,560	5,187,262

Source : 1960 Population Census

TABLE 107 — Average Number of Insured Workers

Year	Total
1960	577,672
1961	611,908
1962	639,384
1963	670,669
1964	700,350
1965	822,686

Source : Social Insurance Institution

With regard to the social security opportunities provided for civil servants, it is possible to classify them into three groups. In 1965, the 504,690 civil servants could be broken down as follows; 8,048 temporary employees, 306,903 wage earners and 189,739 permanent employees.

During recent years, the tendency has been to include temporary employees under the coverage of the social insurance plans.

For permanent employees and salaried civil servants, The State Pension Fund provides social benefits for retirement and for disability both on and off the job, as well as an income for the widows and orphans of deceased workers.

In addition to these benefits, the salaried civil servants receive social assistance in the case of birth, sickness or death as well as gratuity payments for children from the budget of the social assistance institution to which they belong. These social services are also provided for the workers of a certain number of State institutions.

There are also twenty-four other pension funds belonging to the employees and workers of the factories supplying the military, the Turkish Railways, private banks and insurance companies.

In 1960, out of a total of 2,437,135 wage earners, 577,672 were covered by the Workers Insurance Institute and 359,303 were covered by the Pension Fund. Therefore, only 936,975 wage earners, 38.44 per cent of the total number of wage earners, are covered by the social security system.

In 1965, out of a total of 3,057,344 wage earners, 822,686 were covered by the Workers Insurance Institute and 496,642 were covered by the Pension Fund. These figures show that in 1965, 1,319,328 wage earners were covered by the social security system, or 43.15 per cent of the total number of wage earners. If we include in these figures bank employees, employees of insurance companies and other employees covered by the two pension funds, 50 per cent of the total number of wage earners in 1965 were covered by the social insurance plan. The ratio of the total number of employees covered by the social insurance plan in 1965 (1,329,328) to the total working population (13,591,822) is 9.7 per cent. With the addition of other small segments this ratio exceeds 10.0 per cent.

b. DIRECTION OF THE DEVELOPMENT

The social security institutions in Turkey were first established in the 19th century. During the early years of the Republic, social security measures were continued and in this connection pension fund plans and social assistance programmes were encouraged. In 1950, with the establishment of the State Pension Fund, all of these efforts were consolidated.

Social assistance funds were first established for workers of the coal mining areas of Zonguldak and Ereğli (1921). This was followed by a period of little development until 1936 when the Labour Law, which mainly covered industrial workers, was put into effect. In 1952, the Printing Press Workers Law and in 1954 the Maritime Workers Law were put into effect. The Printing Press Workers Law was amended by Law 212 which was published in 1961.

During the planned economy period, emphasis was put on extension of the coverage of the social security systems to include all levels of society, and concentrated efforts were made to include a larger number of people within this group and for the creation of a single organisation to deal with such questions.

A significant new development to cope with this problem was the Social Insurance Law which, in 1964, converted the Workers Insurance Institution into the Social Workers Institute.

A second step in this field was the enactment of the State Civil Servants Law of 1965. With the completion of the necessary developments, civil servants, who are paid from both the General and the Annexed budgets, pensioners, disabled workers, widows and orphans and their dependents will be able to benefit from social assistance measures and from insurance plans for occupational illnesses and accidents. Family gratuity payments made to civil servants and to State Economic Enterprise workers in the form of child gratuities will be also paid, in the form of family bonuses, to the civil servants who are paid out of the General and Annexed Budgets.

Work is already underway for the preparation of an Agricultural Workers Law to provide social assistance to agricultural workers. It will suffice for the present purposes to mention only the efforts for the establishment of an unemployment insurance as a measure connected with the extension of social insurance plans. On the other hand, there has not been any important development with regard to the establishment of a single social security system.

Social Insurance Institutions with rapidly increasing financial resources are now faced with certain developmental problems. For example, there is a financial disequilibrium in the structure of the Pension Fund. In 1964 the deficit of the Pension Fund was 50.3 per cent. During the same year the real estate investments of the Fund showed no profit while a net loss was recorded in 1965. On the other hand, there has been an increase in the volume of productive investment in stocks and shares. Since the inclusion of children and families in the health insurance plans of the Social Insurance Institution, the expenditures of which have been more then revenue, there has been a development in the desired direction. Stocks occupy the most important place in the investments of the Fund.

The Army Social Assistance Institute, whose funds are generated from the dues of members, has helped to strengthen the organisational structure in this field as well as to create funds needed in the economy. At present, concentrated efforts are being made for the establishment of similar institutions for teachers and other workers.

3. POLICIES TO BE IMPLEMENTED

a. ORGANISATIONAL QUESTIONS

The social security institutions in Turkey are not presently organised as a single establishment. The workers funds of the Turkish Railways and the factories supplying the military will be combined with the Social Insurance Institution since they have been operating inefficiently. In order to establish a single social security system, the assistance funds of private banks and insurance companies will also be merged with the Social Insurance Institution.

The Social Insurance Institution will also be responsible for management of the various insurance plans that will be established to cover the short-term risks of the employees of the State Economic Enterprises and of the Municipal Administrations, as well as the State civil servants.

By the end of the Second Plan period all the different social insurance institutions will have been combined into a single organisation in order to achieve the desired single social security system.

A Committee for Social Security will be formed to co-ordinate and to combine the policies of the various social assistance organisations.

b. QUESTIONS OF LEGISLATION AND REGULATION

The social insurance legislation which has been prepared separately for the various groups will be adapted as much as possible and eventually a single law will be enacted. Accumulated funds will be directed mainly towards more productive investment fields.

The Agricultural Labour Law, which is considered extremely vital in solving the social security questions of agricultural workers, will come into effect as soon as possible. In relation to this law, a social security system will be established to solve social insurance problems concerning old age, maternity, health, occupational illnesses and accidents of the temporary and permanent agricultural workers.

Intensified efforts will be made to establish an unemployment insurance. In the meantime, the different characteristics of unemployment in Turkey and in other industrial societies will be meticulously scrutinized.

The social insurance services foreseen in the State Civil Servants Law will be completed and provided for civil servants. These rights will also be provided for employees of State Economic Enterprises and of the Municipal and Special Administrations.

The number of formalities imposed upon the employer and employee by the social insurance system will be reduced as much as possible. After commencement of the implementation of the new system, any previous insurance rights and arrangements will be carried over to the new system.

Even if a person is employed in more than one place, he will only be covered by a single insurance plan.

The State Civil Servants Law providing, within the family payment system, for the child subsidy programme which covers low and limited wage groups will be adjusted to cover other wage groups.

In cases of occupational illnesses and accidents, industrial workers as well as technical students will benefit from social insurance. Health, old-age and life insurance problems of tradesmen and artisans, independent farmers and self-employed tradesmen will be dealt with and social insurance plans for such segments will be established after careful studies are made of the existing social assistance funds and the conditions of the existing system.

The insurance plan to be established in this manner will eventually be merged into the Social Insurance Institution for the establishment of the desired single social security system.

c. EMPLOYMENT, MANPOWER AND EDUCATION

The scope of the social insurance system in Turkey is being extended daily. As a result of these new duties the employees of such institutions will be given further education and training to improve the services rendered, both in quantity and quality. In order to train specialists in this field, departments dealing with social security will have to be established in the universities.

d. FINANCIAL QUESTIONS

The benefit provided in the Civil Servants Law which pays child gratuities to workers with limited incomes, will be increased to such an extent that it will be able to cover other wage earners. Since the risks covered by the insurance plans increase daily, and since these plans include both the low-income and the unemployed segments of the society, the State eventually will become a third contributive party to insurance funds.

PUBLIC HEALTH

1. OBJECTIVES

a. The principle aim of economic development is the mental and physical fitness of the society. Consequently, health service is an important decisive factor in the realisation of a high rate of economic and social development. The labour force will be able to contribute to the development efforts in proportion to the degree of mental and physical fitness of the population. During the Second Plan period, in order to improve the state of public health, an increase in public health standards is necessary. In this respect, all health service employees and medical doctors will be distributed across the country so as to provide equal and balanced medical facilities to the population.

b. Maintaining the mental and physical fitness of the public, making health services available to the population as a whole and giving equal opportunity to all members of the society will only be achieved by implementation of the socialised programmes with special emphasis on preventive medical services covering large segments of the population. All other services will be complementary to preventive measures and due attention will be given to plans for on-the spot medical treatment.

c. Improvements in the conditions of local health, the education of the public on health problems, the elimination of infectious diseases and the improvement of the standard of food products, infant/mother and the youth and workers' health, will be given priority.

d. Health services will be administered by a single organisation so that an equitable distribution of services and of trained staff will take place and that the service in general will become much more uniform across the country. In addition, the establishment of health institutions by the private sector will be encouraged.

e. In order to achieve a higher rate of efficiency in the administration and supply of medical facilities, the unsatisfactory ratio of ancillary medical employees to doctors will be changed and prevented. Concentrated efforts will be made to establish institutions at minimum cost while, at the same time, not lowering the standards of the new establishments.

2. SITUATION

a. HEALTH ORGANISATIONS

The administration of both medical treatment and preventive health services is done by the Ministry of Health and Social Assistance. However, other ministries and institutions like State Economic Enterprises, the Social Insurance Institution, medical faculties and other private establishments, also take part in the rendering of medical services. The Ministry of Health and Social Assistance and the municipal administrations are the only organisations responsible for the administration of public health services as a whole.

Between 1963 and 1966 certain new developments took place with regard to health organisations in Turkey and in the socialised regions' health centres. Group administrations were established and the construction of regional laboratories, hospitals, warehouses and repair shops is already underway.

Integration of the existing health services of the regions where socialised programmes are not applied at present is already being carried out and a joint effort by the villagers and the existing medical personnel is being promoted. Units concerned in the socialised programmes are the health services and health stations.

Although the public health services, with the exception of the special services of the Ministry of National Defence, were foreseen to be combined under a single administration during the First Plan period, this was never realised. Today there are wide differences in the quality of staff and equipment of different health institutions, as well as differences in the price policies of these institutions.

b. MEDICAL PERSONNEL

One of the main hindrances to the development of health services is the insufficient number of medical personnel and their uneven distribution across the country.

The number of medical employees is given in Table 108 and the distribution of doctors across the country is presented in Table 109.

TABLE 108 — Number of Medical Personnel (1966)

(In Thousand)

Personnel	Number (1)	Number of Persons per Medical Employee (2)
Doctors	10.2	2.9
Dentists	2.1	15.0
Pharmacists	1.9	16.6
Nurses and Assistants	5.0	6.4
Medical Employees	5.2	6.2
Midwives	5.0	6.5

Source : Ministry of Health and Social Assistance

Despite the efforts to eliminate the existing deficiencies of the regions with socialised health services, it has not been possible to prevent the concentration of doctors in urban areas and, as a result, the deficiencies could not be corrected. Among regions of equal population concentration the ratio of doctors to the number of patients varies greatly.

TABLE 109 — Distribution of Doctors Throughout Turkey (1966)

Medical Districts		Ratio of Regional Population to Total Population	Number of Doctors	Number of Persons per Doctor	Provinces
I.	District	10.1	4,651	701	Kırklareli, Edirne, İstanbul, Tekirdağ
II.	District	5.7	365	4,981	Kecaeli, Zonguldak, Bolu, Sakarya
III.	District	5.8	352	5,229	Bursa, Çanakkale, Balıkesir
IV.	District	10.5	1,326	2,552	Manisa, İzmir, Aydın, Denizli, Muğla
V.	District	5.2	258	6,477	Bilecik, Eskişehir, Kütahya, Uşak, Afyon
VI.	District	3.0	185	5,253	Isparta, Burdur, Antalya
VII.	District	10.1	1,658	1,964	Kastomonu, Çankırı, Ankara, Kırşehir, Yotgat, Nevşehir
VIII.	District	4.7	181	8,414	Konya, Niğde
IX.	District	7.4	240	9,957	Samsun, Sinop, Çorum, Amasya, Ordu
X.	District	5.5	203	8,713	Tokat, Sivas, Kayseri
XI.	District	9.2	593	4,989	Maraş, Adana, İçel, Gaziantep, Hatay
XII.	District	5.6	159	11,415	Giresun, Trabzon, Rize, Artvin, Gümüşhane
XIII.	District	4.4	146	9,484	Bingöl, Tunceli, Elâzığ, Malatya, Adıyaman
XIV.	District	5.0	254	6,429	Diyarbakır, Siirt, Mardin, Urfa
XV.	District	5.5	386	4,601	Kars, Ağrı, Erzurum, Erzincan
XVI.	District	2.3	125	5,855	Muş, Bitlis, Van, Hakkâri

Another problem is the imbalance in the number of general practitioners to specialists. At the present time, the number of general practitioners necessary for the implementation of preventive health services is much below the required level. On the other hand, there seems to be a surplus of specialists. Today 60.3 per cent of the doctors are specialists and 39.7 per cent general practitioners. A major problem with regard to the supply of doctors is the emigration of doctors. The magnitude of the problem can be seen when it is realised that the education of each doctor costs the country TL 400,000, and that the rate of Turkish doctors abroad is at the moment as high as 30 per cent.

There is also a shortage of ancillary medical employees. While the desired standard number of nurses per doctor is 2.0, the rate for Turkey is only about 0.44. At times this shortage leads to a situation where doctors are forced to carry out nursing duties. Recent research reveals that in the hospitals of the Ministry of Health and Social Assistance there is one nurse for 50 beds, in the hospitals of the Social Insurance Institution one nurse for 35 beds and in hospitals belonging to the private sector, one nurse for 65 beds. When these figures are compared to the corresponding rate of 2 5 beds per nurse in the developed countries, the importance of the problem becomes evident.

c. HEALTH INSTITUTIONS

(1) Health Centres

By the end of 1967 the socialised medical programmes will cover 23 provinces. There has been some delay in the implementation of the programme for various reasons. The established number of health centres is presented in Table 110.

TABLE 110 — Construction of Health Centres (1963 - 1967)

Years (1)	Plan (2)	Annual Programme (3)	Difference Between the Annual Programme and the Plan (4)	Programme of the Ministry of Health and Social Assistance (5)	Difference Between the Plan and the Programme of the Ministry of Health and Social Assistance (6)	Difference Between the Annual Programme and the Programme of the Ministry of Health and Social Assistance (7)	Realisation (1) (8)
1963	300	200	— 100	173	— 127	— 27	19
1964	300	276	— 24	270	— 30	— 6	169
1965	300	141	— 159	141	— 159	0	426
1966	300	221	— 79	259	— 41	+ 38	561
1967	300	52	— 248	205	— 95	+ 153	

Source : State Planning Organisation

(1) Cumulative number of completed Health Centres

The establishment of health centres poses quite a number of problems. At the present time infrastructural services such as roads, drinking water and communications have not been completed in regions where health centres are being established.

In most parts of the country health centres were not constructed to fit the climatic characteristics of the regions concerned. In addition, such centres were established outside villages because of difficulties in securing ground, and problems in the rendering of services occurred. Each year construction costs varied in accordance with increases in the general level of prices. Moreover, the rental of suitable buildings and the financial contribution of the public have had limited success in this field.

(2) Institutions for Medical Treatment

In 1965, there were 70,830 hospital beds in Turkey, or 22.6 beds per 10,000 people. In certain parts of the country it has not been possible to utilise the existing number of hospital beds fully. This was due to the insufficient allocation of current expenditure funds, the inefficient distribution of hospitals across the country and because it has not been possible to send specialists to some remote parts of the country. The size of the institution is also an important factor. For instance, in certain parts of the country the institutions are far too large. The distribution of hospital beds among different regions is given in Table 111.

TABLE 111 — Distribution of Hospital Beds Among The Provinces (1965)

Number of Beds per 10,000 People (1)	Number of Provinces (2)
1 — 10	28
11 — 20	29
21 — 30	5
31 — 40	1
41 — 50	1
Exceeding 50	3

Source : State Planning Organisation

The lack of standardisation in hospital construction, in personnel and in medical equipment leads to differences in the number of hospital beds and in the allocation of expenditures among different institutions for medical treatment. The system of a central administration and modern hospital management which has not yet been established, may eliminate these defects and inequalities.

(3) Other Medical Institutions

Health laboratories are not fully developed at the present time and this affects all medical treatment and preventive health services. Medical staff and ancillary medical staff colleges and schools suffer from an acute shortage of teachers, buildings and necessary equipment. As far as the educational policies are concerned there has not been any significant change of policy concerning preventive-health education. The inadequate level of medical education is the underlying reason for the existence of the large number of specialists. At the present time, the on-the-job training of staff has not reached a satisfactory stage.

d. HEALTH PROGRAMMES

(1) Socialised Programmes

Health centres, as a result of their administrative and structural background, are evidently the ideal type of health service units for Turkey. When the distribution and characteristics of settlement of the population are taken into account, health centres which carry services to the people appear to be the most suitable units for a general health service.

As a result of such a system it has been possible to deal with the health problems of the people by application of both preventive and therapeutic measures. It has also been possible to transfer patients to health centres rapidly, which has meant an improvement in the supply of health services. All of these measures indirectly add up to a more active participation of medical personnel in the development efforts of the various regions.

The reasons for the slow progress of socialised programmes are the delays occuring in creation of a centralised administration and the inability to make backward areas more attractive by using the necessary staff and price policies. At the same time, medical personnel employed in such areas are generally in a difficult position as a result of the lack of vital infrastructural services and facilities.

(2) Local Health Services

There has not been any important development in local health conditions in the rural areas. In regions where it has been possible to socialise and co-ordinate health services, the public is continually being educated on local health conditions and certain favourable developments have been recorded in this direction. Local health is a question involving the co-ordination and co-operation of a number of institutions. Whenever such co-operation and co-ordination is not maintained, the results are usually unsatisfactory.

(3) Campaign Against Infectious Diseases

In Turkey the number of people with tuberculosis is around 750,000 or 2.5 per cent of the population. Of this total, 80 per cent belong to the labour force. Unfortunately, only 17 per cent are under the medical care of dispensaries. There has not been a substantial reduction in the number of people suffering from malaria since it has not been possible to carry out a general detection programme in rural areas. The campaign against other infectious diseases is being carried out by health centres, other special institutions, dispensaries and hospitals. In the meantime, intestinal diseases, known as "illnesses of the underdeveloped countries", still continue to pose an important medical problem. Any success in the fight against all such illnesses will depend on potential improvements in local health conditions.

(4) Medical Education for the General Public

The desired improvements in the general health conditions of the society depend on the ability and skill of educating the public with regard to health questions. In this respect, Turkey has a number of institutions, but their activities are disorganised and their efforts isolated.

(5) Medical Care for Mothers and Infants

Mortality rates in pregnancy and birth remain relatively high. Factors such as inadequate care, infectious diseases and malnutrition also cause many deaths among infants. Medical services for mothers and infants remain unsatisfactory as a result of limited financial resources and the lack of medically qualified personnel. In addition, there is little co operation between responsible institutions.

(6) Health Conditions of the Labour Force

At the present time the health problems of agricultural workers have not been completely solved, while those of non-agricultural workers are covered by laws that are in effect. The majority of the services rendered remain therapeutic in character while preventive services are of limited number. The local health problems caused by industrial activities and the supply of health services to workers on the premises of employment, still await attention.

(7) Mental Health

The number of mental health centres is not sufficient and the equipment and materials used in mental hospitals are far from the standards reached and maintained internationally. There is, moreover, an acute shortage of qualified personnel.

(8) Nutrition and Diet Control

Turkey's problems in this field are not only an inadequate diet but also the consumption of the wrong kind of foodstuff. Although the per capita caloric consumption is near adequate levels, there is not the proper proportion between the animal and vegetable foods consumed. Food control is carried out by the Ministry of Health and Social Assistance, the Municipal Administrations and the Ministries of Customs and Monopoloy and Commerce. However, these Ministries and Administrations do not have the necessary and qualified personnel and organisational set-up to deal with the problem fully. In particular, there are not enough laboratories to conduct quality control tests.

(9) The Control of Medicines and Maintenance of Medical Equipment

The price and quality control of medicines that is important to public health and to the national economy, is being conducted by the Ministry of Health and Social Assistance. However, there is a shortage of qualified personnel to carry out these control programmes. Consequently, quality control applied by the Ministry fails to clarify points such as the competitive measures used by manufacturers, for example, reductions in the amount of raw material used in the formulation of medicines The standards of medical equipment must be improved and the stocks of such equipment must be increased to implement socialised programmes.

(10) Public Health Buildings

Savings that could have been realised easily in the construction of public health buildings were not due to the lack of construction standards for such buildings. Construction cost varied as a result of regional differences and differences in the policies of the property owning institutions. Health centres in villages cost from TL 160,000 to TL 290,000 to build, or about TL 20,000 to TL 81,000 per bed.

3. DEVELOPMENTS AND SELECTED TARGETS

During the Second Plan period, within the framework of the above mentioned principles, various policies will be realised and will be carried out as a result of the investments outlined below. By 1972 an increase in the number of hospital beds will be realised so that 25 hospital beds will be available per 1,000 people.

Socialised programmes will continue to be implemented and each year 300 new health centres will be opened. Health centres will also be established in the more developed western parts of the country so as to secure rotation of the doctors taking part in these programmes. A summary of targets is given in Table 112.

TABLE 112 — Medical Targets (1968 - 1972)

Medical Institutions	1967 - Stock (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)
Health Centres	800	1,100	1,400	1,700	2,000	2,300
Health Dispensaries	160	1,430	2,800	4,120	5,440	6,760
Malaria Eradication Dispensaries	331	334	334	334	334	334
Fight Against Tuberculosis						
— BCG Retesting Teams	10	10	10	10	10	10
— BCG Vaccination Teams	100	105	110	115	120	120
— Dispensaires	157	160	165	170	180	190
— Mobile Therapeutic Teams	75	80	85	95	105	115
— Mobile X-Rays	10	15	20	25	30	35
Trachoma Dispensaries	41	41	41	41	41	41
Leprosy Dispensaries	11	11	11	11	11	11
Mental Health Dispensaries	8	8	10	12	14	16
Hygiene Institutions :						
— Central Hygiene Institutions	1	1	1	1	1	1
— Regional Hygiene Institutions	4	5	7	9	11	13
Depots and Repairshops :						
— Main Depots and Main Repairshops	2	3	3	3	3	3
— Regional Depots and Repairshops	3	5	7	9	11	13
Bedded Medical Institutions (Number of Beds)						
— Ministry of Health and Social Assistance	43,000	44,900	46,800	48,700	50,600	52,500
— Social Insurance Institute	6,000	6,600	7,400	8,000	8,800	9,600
— Other Public Establishments	22,300	22,700	23,100	23,800	24,500	25,400
— Private Sector	4,600	4,900	5,200	5,500	5,800	6,000
Total	75,900	79,100	82,500	86,000	89,700	93,500

(1) Targets projected to be realised by the end of 1967

Source : State Planning Organisation

4. INVESTMENT

Table 113 gives the investment targets necessary for realisation of the medical programmes.

TABLE 113 — Medical Investments (1968 - 1972)

(Million TL)

	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	Total (6)
Health Centres	66	66	66	66	66	330
Health Dispensaries	64.7	64.7	64.7	64.7	64.7	323.5
Bedded Medical Institutions	333.4	236.4	205.2	154.6	153.8	1 083.4
Public Health Programmes	58.8	50.8	51.3	51.3	50.9	263.1
Total	**522.9**	**417.9**	**387.2**	**336.6**	**335.4**	**2 000.0**

Source : State Planning Organisation

5. POLICIES TO BE IMPLEMENTED

(1) In order to assist the transition to a single health insurance system, and until this is completed, close co-ordination between all the public sector health institutions (excluding the special institutions of the Ministry of Defense) will be maintained.

A committee for the co-ordination of medical treatment institutions will be established. The Ministry of Health and Social Assistance will determine the location of these establishments, their capacity, extentions to be carried out, the construction, equipment and maintenance standards, the personnel to be employed, their wages and the general policies to be pursued for the efficient management of these establishments. In the implementation of these policies the needs and demands of those utilising such services will be taken into consideration. As a result of all these measures, it will be possible to utilise the public sector health institutions at full capacity.

(2) Priority will be given to the establishment of the needed infrastructural facilities and they will be completed before the health institutions and within the limits of definite programmes so that socialised activities can be taken to all regions. The investment allocations for such purposes will be noted separately. Continuous co-ordination between the relevant institutions will be provided and maintained.

(3) An organisation responsible for local health activities, mental health questions, laboratory services and for public health education and diet control, will be established in the Ministry of Health and Social Assistance in order to render such services properly and to provide a system of control. Efforts for the evaluation of health services and of public demand will be intensified and more importance will be attached to public control activities.

(4) Laboratory activities will be carried out in accordance with pre-determined standards and regional laboratories will be supported by mobile units to solve the health problems of rural areas. A State Medicine Control Institute will be established and this institute will make use of the services of existing control laboratories.

(5) A Public Health Education Institute will be established to determine the implementation principles of the health education to be provided for ancillary health personnel and the public, to carry out the necessary research programmes and to provide on-the-job training

(6) The socialisation of health services, which has begun in the eastern parts of the country, will be continued and provinces with relatively low standards of health will be given priority. In order to provide a system of rotation for the doctors employed, 15 per cent of the new health centres which are to be opened annually will be established in the western parts of the country.

(7) Health centres are public medical care units where a variety of medical services are provided to patients at their home. Close co-ordination and co-operation will be provided between these centres and other institutions such as hospitals and dispensaries.

(8) The private sector of the economy occupies an important place in the development of medical treatment services. All efforts and activities in this direction will be encouraged. However, precautions will be taken in order not to hinder other efforts or to lower the standards of service with regard to personnel and health programmes.

(9) In order to be able to meet the medicinal needs of the public with a minimum outlay of foreign exchange, the establishment of Turkish pharmaceutical plants and laboratories will be encouraged and the inequality between Turkish and foreign capital investments in this field will be eliminated.

(10) Local health conditions which play an important role with regard to the spread of infectious diseases will be improved. Vaccination campaigns will be used and co-operation will be provided among vaccine producers.

(11) Competitive measures such as varying the raw material content of medical preparations and medicines and advertising of a commercial character on subjects concerning public health and medical care will be prevented. The price of medicines will be based on cost.

(12) Legislation on diet control will be amended as necessitated by present conditions. The Ministry of Health and Social Assistance will support all activity in this field and close co-operation will be provided between the relevant institutions.

(13) The preventive medical services of workers will, in time, be strengthened and the Ministries of Labour and Health and Social Assistance will co-operate with regard to the health standards of factories, etc.

(14) Efforts will be intensified to improve the quality of mental health services and to increase their number.

b. EMPLOYMENT, EDUCATION AND MANPOWER

(1) In order to establish close co-ordination between the existing faculties of medicine and to standardise medical education across the country, a committee will be formed which will include all medical faculties as well as the Ministry of Health and Social Assistance.

(2) To be able to meet the increases in future demand for doctors, additional educational capacity will be created according to manpower goals. To create this capacity, the educational potential of the populated areas will be given consideration and the education of the necessary teaching staff will start sufficiently in advance. The balanced distribution of medical personnel will play a decisive role in determining the location of these institutions.

(3) In all institutions of medical education, public health questions will be emphasised and this will be encouraged in accordance with the principles of the health policies to be pursued. Moreover, the necessary adjustments will be made in medical education to meet the demand for general practitioners. On graduation from a medical faculty graduates will have to complete a period of internship.

(4) To keep up with modern developments in medicine, all institutions employing medical doctors will be encouraged to attach as much importance as possible to in-service educational training.

(5) The control and regulation of private schools for medical personnel will be carried out in order to maintain the standards achieved in public institutions.

(6) A suitable personnel and salary policy will be implemented to avoid differences in pay scales by various institutions employing doctors and to secure a balanced distribution of doctors throughout the country.

(7) Material benefits will be provided to doctors in the backward areas and other opportunities, such as advantages in other services and the possibility of rotation, will be provided to make such areas suitably attractive for doctors. All legal obstacles in the application of full time work and socialised programmes will be eliminated.

(8) Improvements in local health conditions will be realised by providing well educated and trained technical staff such as medical engineers and medical technicians.

(9) In order to improve health services, medical faculties will be encouraged to co-ordinate research programmes. The Ministry of Health and Social Assistance will seek the means to intensify co-operative efforts with medical faculties.

c. FINANCING AND INVESTMENT

(1) Revolving capital will be used as a source of financing for the development of services for medical treatment. A charge for services rendered will be made only after a minimum level of service, as would be considered normal by the principles of social justice. In other words, many services will be supplied free of charge.

(2) A health insurance plan will be established as a source of financing for medical expenses and for social security expenses.

(3) In the construction of medical buildings, the standards given in Table 114 will be used in order to eliminate differences in construction cost. These standards will also be helpful as a guide for construction so that the buildings, while not luxurious, will be in conformance with the realities of regions.

(4) It is important that the public should meet the construction and establishment costs of health dispensaries. Voluntary constributions would be prefered, but in areas where opportunities are limited these dispensaries will be established by the Ministry of Health and Social Assistance. The principle will be to construct the buildings at minimum cost.

TABLE 114 — Cost-Ceilings for Medical Establishments

	Maximum Area (M^2) (1)	Total Maximum Cost (TL) (2)
Health Centres :		
Urban Type (Maximum Size)	300	130,000
Urban Type (Minimum Size)	240	100,000
Village Type	130	60,000
Lodging Houses :		
(Maximum Size)	160	70,000
(Minimum Size)	100	40,000
Health Dispensaries	80	40,000
Hospitals (per bed)	50	25,000

FAMILY PLANNING

1. OBJECTIVES

a. Family planning programmes will be conducted to safeguard the health of mothers and children, to improve the structure of the population and to alleviate the pressure of population growth on economic development.

b. The State will provide information on contraception and assistance in the form of medication and contraceptive devices to those who are against having more than a certain number of children but who, because of ignorance or the lack of means, are unable to achieve this.

c. Work related to family planning will be carried on in the form of mass education and medical guidance and such work will be extended to the smallest communities in the country.

2. SITUATION

a. INTRODUCING THE PROBLEM

A family planning policy has been adopted to eliminate the factors preventing; a) the per capita income from attaining the desired level despite the increase in national income, b) the development of the consuming population to the disadvantage of the economically active population because of the high birth rate, c) the ability to realise the savings needed for economic development, d) the creation of problems in the family and in social life caused by having children in excess of the family income and, particularly, e) the recourse to abortion which is detrimental to a mothers health and often fatal. Under the principles introduced by the Law on Family Planning enacted in accordance with this policy, birth control is to be achieved through contraceptive measures and, apart from medical emergencies, pregnancy will not be terminated.

Implementation of the family planning programme is restricted by the fact that about 70 per cent of Turkey's population lives in rural areas and has a low rate of literacy. Since the literacy rate and level of education in urban areas are high the social environment is favourable for the easy dissemination of the concept of family planning. Consequently, it is necessary to intensify the system of mass education in rural areas where the birth rate is high and health services are lacking.

Family planning programmes should be prepared by taking into consideration the social features of the communities to which they are directed. A proper selection among contraceptive measures plays an important role in the success of the programme. In attempting to select simple methods and teach them to the masses, it is necessary to establish the most suitable ones and to try out the medicaments and devices. Family planning programmes should be constantly re-appraised according to data in the light of social development.

Extensive organisation is needed to carry out all of these programmes. The existing health facilities take part in this programme but the real difficulty is in communities which are not accessible to these services. The co-operation of various organisations which provide training and services to the peasants as well as the efforts of travelling teams should be helpful. Preparations have already been made to implement the planning programme and a central organisation has been established. This organisation is composed of a general directorate under the Ministry of Health and Social Assistance, a scientific committee charged with the task of studying the devices and medications to be used in the implementation process and a working committee made up of the representatives of the Ministries concerned. The branches of this organisation which are to extend to all parts of the country have not yet been established. The existing clinics and health centres catering to mothers and children in provincial and township centres are used in the implementation of the programme and 204 clinics have been opened in such centres. In areas where health services have been socialised and combined, use is made of the health centres and great success has been achieved. By the end of 1966, 38,000 contraceptive devices had been inserted. Including those who were given contraceptive medication and received training on the subject, in 1966 family planning services were extended to 80,000 women. The local manufacture of the medication and devices used in family planning has proved helpful.

The inadequate number of travelling teams and the inaccessibility of some rural areas tends to restrict development of the programme. According to the results of implementation, despite the fact that the clinics are located in cities and township centres, 45 per cent of the women who apply to them come from rural areas. This indicates that when these services are made available in the rural areas, the results will be more satisfactory.

According to studies made covering 1966, it was established that while in the large cities women with few children applied to the clinics, in the small towns women with three or more children applied. Of these, 59 per cent were illiterate, the average income of their families was TL 500 and for the most part the heads of the families were office employees, workers, farmers, tradesmen and artisans. It was further observed that in the urban areas those benefiting from family planning were younger women and in the rural areas they were older. In the light of these facts it can be said that the family planning programmes are undergoing development consistent with the objectives by being oriented, in circumstances where a new child is likely to become a burden, towards the segment of the population with limited income and by being resorted to voluntarily when the need for them arises.

3. TARGETS AND INVESTMENTS

a. The target will be to make family planning programmes available each year to 5 per cent of the women of childbearing age. By 1972, about two million women will have benefited from this service.

As use is already made of the health installations and health centres located in provincial and township centres, investments for family planning cover the expenditures involving research and the organisation of travelling teams.

By comparison with international figures, family planning expenditures per capita have been estimated at TL 0.5. Accordingly, total expenditures are expected to rise form TL 15 million in 1968 to TL 17 million in 1972.

4. MEASURES

a. ORGANISATION

(1) Sanitary services for mothers and children and family planning programmes will be combined at the provincial directorates of health. A responsible office under a president will be created and in this way extension of the service to all parts of the country will be secured.

(2) The participation of large business premises owned by private organisations in the implementation of the family planning programme will be supported.

(3) Implementation of the family planning programme will, at all times, be conducted with regard to its sanitary and social aspects in the light of research and follow-up and the most suitable methods will be developed.

(4) While providing mass instruction on the subject of family planning, the various contraceptive methods will be introduced and individuals will be given the opportunity to choose the method they prefer.

(5) In carrying out the family planning programme, use will be made of the health installations and health centres located in provincial and township centres and, where these are non-existent, of the travelling teams.

(6) In enlightening the people on family planning, co-operation will be provided among the various organisations which render services to the rural areas and use will be made of government personnel at the local level and of mass communication devices for instruction of the people. Instruction will be provided in the army and in schools on the subject of population growth and family planning.

(7) The State Pharmaceuticals Control Institute will be responsible for establishing the quality and safety standards of contraceptive

medication and devices and for ensuring that the goods for sale conform to standards. Until the Institute is established this task will be carried out by the Institute of Hygiene.

(8) Correlation of the price of contraceptive medication and devices with the purchasing power of the public will be ensured and these will be distributed free of charge to the poor.

b. MANPOWER AND TRAINING

The existing medical personnel will be employed in the implementation of the family planning programmes. In training the personnel required for the purpose, use will be made of in-service courses and educational institutions of all levels which specialise in training medical personnel.

SOCIAL WELFARE SERVICES

1. OBJECTIVES

a. The social security requirements which arise as a result of industrialisation and modernisation and which cannot be fulfilled through social insurance, will be provided through social welfare services.

b. In discharging these services, the regulating, guiding and supporting role of the central administration is essential. In conjunction with this, the collaboration of local administrations and voluntary organisations will be provided due to the nature of the subject, which requires human interest.

c. In providing assistance, care will be taken to avoid the adoption of a system which will injure human dignity.

d. Social welfare services will be provided through financial assistance embracing all segments of the population in need of such assistance and to the extent the available resources permit.

e. When taking up the problems of individuals to whom social welfare services are to be rendered, the basic reasons behind these problems will be investigated and accordingly solutions will be sought for them.

f. Social welfare services will comprise public programmes in such fields as social aid to the aged and poor and will cover child welfare, youth welfare, family care, care of those unable to work because of their physical or mental condition, medical and social rehabilitation, teaching of a new trade or hobby and other services related to offences and offenders. The purpose underlying these services is to create an environment of security necessary for the development of individuals in society and to enable them to secure their share of the increased prosperity. Contact will be established with work conducted in related fields of social activity.

2. SITUATION

a. INTRODUCING THE PROBLEM

In Turkey, the ministries, municipalities, associations, State Economic Enterprises, banks and voluntary organisations are engaged in work concerned with social welfare services.

With regard to child welfare, according to the Law on Waifs and Orphans, the exact number of which is not known, those between the ages of 0-6 are under the care of the Ministry of Health and Social Assistance

TABLE 115 — Children Requiring Protection (1966)

Age Groups	Number of Establishments and the Organisation to Which They Are Attached (1)		Number of Children and Young People Benefiting From the Service (2)		Number of Children and Young People Awaiting Admission (3)	Number of Those No Longer in Need of the Service (4)
0 - 6	26	Ministry of Health	2,020	Ministry of Health	—	—
	18	Social Assistance for Children	1,900	Social Assistance for Children	—	—
7 - 18	79	Ministry of Education	10,104	Ministry of Education	8,161	4,743
Total	**123**		14,024		**8,161**	**4,743**

Source : Ministry of Education and Ministry of Health and Social Assistance and those between the ages of 7 - 18 are under the care of the Ministry of Education. This service is conducted by the Association for the Protection of Waifs and Orphans. Table 115 shows the number of institutions engaged in this work, the number of children under their care and the number of those waiting to be admitted to these institutions.

Table 115 reveals the limitations of the services offered. The service is inadequate from the psychological and social standpoint. The system of guardian families and day nursing facilities to replace the present system of providing collective accomodation for a large number of children, is in the experimental stage. The pilot studies made for this purpose have not yielded promising results owing to the characteristics of the Turkish family system.

On the question of child welfare, the problems of "adopting" and "keeping" children deserve special consideration. Apart from the official system of adoption which provides security for them, the environment in which such young people have to live and their status are hardly acceptable from the standpoint of social policy.

In the large cities, particularly in localities where family and neighbourly relations have weakened and where judgment values have changed, the rate of juvenile delinquency has increased. The organisations which are expected to assume responsibility in this matter are unable to find a solution to the problem owing to the fact that juvenile courts have not yet been established

In Turkey today, young people in the 11 - 18 age group commit larceny more than any other crime. Juvenile courts and sponsoring institutions are lacking. However, juvenile bureaus in police departments have started operating with good results. In most reformatories and prisons young inmates are able to obtain an elementary education. Since 1964, a three-year secondary education is also provided at the Ankara, İzmir and Elâzığ reformatories and trade instruction is available. Unfortunately, however, the young people released from the reformatory are unable to adapt themselves to their environment and no supervision is exercised over them. This leads to their committing repeated criminal offenses.

In 1955 there were 62,630 young people in Turkey with mental and physical defects. Unfortunately, however, in 1966 there were only five schools for the deaf and two schools for the blind, with a combined total enrollment of 1,465.

In connection with child welfare, the question of children with retarded mentality bears special significance. Today there are 95 classrooms in which 1,768 young people receive instruction. The fact that these classrooms are located in elementary schools creates pedological problems.

Apart from these, there are 52 kindergartens and 147 day nurseries for children of pre-school age.

In 1964 there were 23,363 young people between the ages of 11 - 18 employed as apprentices outside agriculture. About 50 per cent did not benefit from social security privileges.

The nutrition programmes initiated in elementary schools to improve the diet of children and make up for the deficiency caused by the lack of means in the family are far reaching in extent, yet their effect is limited.

As outlined above, the extent of the services related to child welfare is limited. Although voluntary organisations concern themselves greatly with the problem, the services rendered are scattered and inadequate. On the other hand, social welfare services rendered to young people are very limited outside of the activities initiated in recent years at the university level.

In 1955 there were 316,943 disabled adults. This is 3.6 per cent of the population. The existing twenty rehabilitation centres are unable to meet the need in this field.

Work conducted for the benefit of aged persons comes under the jurisdiction of the municipalities and the Ministry of Health and Social Assistance. According to the 1966 census, the almshouses founded by 12 municipalities for the 928,723 elderly, indigent and other incapacitated persons over 65 years of age as well as the one Old People's Home operated by the Ministry of Health and Social Assistance with room for only 200 persons, provide only accomodation.

Nothing is done to rehabilitate alcoholics and drug addicts, outside of limited sanitary and public security measures.

This also applies to women who are faced with social problems.

Social aid to the poor and to families whose wage earners are serving in the army is provided by municipalities and voluntary organisations. Likewise, socio-medical services, services related to mental hygiene, social services in the field of family planning, school services, social counselling services, legal assistance and social aid to offenders, do not go beyond the unsystematic help rendered by certain relevant organisations.

b. THE TREND OF DEVELOPMENTS

In Turkey, social services were historically performed through philanthropic activity governed by tradition and religious dogma. Under the following laws which regulate activities in this field, various organisations are charged with tasks relating to social services; The Civil Law, the Turkish Penal Law, the Law for the Protection of Young People Against Harmful Publications, the Public Hygiene Law, the Law on Municipalities, the Labour Law, the Physical Training Law, the Law for the Protection of Waifs and Orphans, the Regulation Governing the Employment Conditions of Expectant Women and those that Nurse their Babies, the Legitimentation Laws, the Law on the Establishment of the

General Directorate of Social Services, the Regulation Governing Guardianship, Tutelage and Interitance.

The Social Insurance Law, the Labour Law, and the Civil Service Law have introduced new opportunities for working people and civil servants from the standpoint of social services.

3. POLICIES TO BE APPLIED

a. THE ORGANISATIONAL VIEWPOINT

(1) In Turkey social welfare services are conducted independently by various public and private organisations. This precludes the possibility of making a definite level of service at a fixed standard available to the bulk of the population and it is therefore ineffectual. Consequently, those services that can be administered by a single authority will be combined in the Social Services Organisation. This organisation will also provide co-ordination among the activities in the field of social services. Prior to the establishment of the organisation and in other situations arising as a requirement of implementation, collaboration will be secured among the organisations engaged in the same type of work through the agency of a co-ordination committee. The central administration and the local administrations will co-operate after agreeing on one policy.

(2) A "National Advisory Council for Social Welfare" will be established to see that social welfare services are conducted at the national level as an integral whole.

(3) In order to lend support to the activities of the voluntary organisations, all assistance provided from public sources will be centralised in a single "social assistance fund". In setting up this fund, criteria conducive to a more efficient operation of the above organisations will be used.

(4) In order to eliminate the maladjustments to the environment created by rapid urbanisation and to guide individuals in solving the social problems they are confronted with, a "family counselling service" will be provided. This service will operate in collaboration with other public services, especially those related to social welfare. In order that small communities may benefit from all aspects of this service, social activities will be concentrated in "public instruction centres". Such activities will be conducted in close collaboration with the health centres catering to the needs of mothers and children.

(5) In order to ensure that convicts who have served their sentences enter society as useful citizens, a sponsorship service will be initiated. This service will cover crime prevention, and the training provided in the prisons will prepare offenders to better adjust themselves to their environment after serving their sentences, through the technical knowledge acquired and through a change in behaviour.

In the case of child offenders, special facilities will be provided within this system and crime prevention and sponsorship services will be conducted in close co-operation with the juvenile bureaus of the police department and family counselling services. Juvenile delinquency will be dealt with as a specialised subject and juvenile courts will be established.

(6) In the orientation and social aid activities to be conducted on behalf of children of school age, use will be made of the assistance to be provided by the parent-teacher associations and the guidance and mental hygiene centres. Institutions providing special instruction for children with deformities or for those that are mentally retarded will be established.

(7) The legal assistance facilities provided to individuals with limited means in order to protect their rights in society, will be developed in accordance with the present social service concepts.

(8) Programmes using the public instruction centres will be organised to put to profitable use the leisure time of children, young people and adults and to enhance their spirit of enterprise through the instruction given to them in their leisure time.

(9) The work initiated in the field of social welfare services in Turkey which is developing favourably, has tackled a great number of problems. More important, however, is the adequacy of the services rendered both from the point of view of quality and quantity, as well as the effectiveness of the organisation. In the overall situation, the number of those in need of these services reveals the necessity of rapidly broadening the scope of the present programmes in every field. During the Second Plan period, the capacity of social welfare services will be increased and the standards will be raised. Programmes that are limited in scope and those that are irrelevant to the needs of the country, will be discontinued.

(10) Legislation governing social services, enacted separately in order to solve various social problems, will be assessed in a way to render it effective collectively by taking into consideration the benefits to be derived from the provision of these services as an integral whole. The restrictive legislation in this field will be rescinded, shortcomings will be corrected and new legislation will be introduced.

b. EMPLOYMENT, MANPOWER AND EDUCATION

(1) Apart from extending social welfare services to all parts of the country, special emphasis will be given to localities where the problems are intensive so that these services are not allowed to drop below a significant level and maximum use will be made of the few specialists versed in this field.

(2) The graduates of girls' technical schools as well as government and voluntary personnel already working in this field, will be employed by training them along the lines of the extensive educational programmes. The curricula of the girls' technical schools and those of the

universities, in order to train personnel of a higher level, will be drawn up with this purpose in mind. Personnel will be trained to conduct the special educational programmes mentioned above.

(3) In order that the people may benefit from social welfare services, it is necessary that they be enlightened on the subject. For this purpose, various programmes will be drawn up in order to acquaint the people with the objectives and advantages of social services and to ensure that they benefit from them and share in their implementation by contributing to them voluntarily.

THE PROBLEM OF VILLAGES AND PEASANTS

I. OBJECTIVES

a) Enabling peasants to enjoy the benefits of development and to join voluntarily in the development efforts with all their resources will be realised through democratic means, consonant with their desire to attain a higher standard of living. Furthermore, their share in the increased income and prosperity, consistent with the principle of social justice, will be ensured by placing special emphasis on the elimination of the inequality which has continued to this day.

b) In order to shorten the time required for the peasants to achieve a minumum living standard compatible with human dignity, priority will be given to the balanced nation-wide distribution of such public services as roads, drinking water, schools, electricity and water for irrigation, to infrastructural investments and investments of a social nature and to their being channelled to the localities which have remained backward for various reasons, according to the degree of deprivation and the urgency of need.

c) In the agricultural sector, which is closely connected with the present population, an atmosphere conducive to an increase in productivity and total production will be created, a price policy marked by stability will be followed, low-cost inputs will be provided for agriculture, a suitable marketing system will be established and an effective credit policy will be followed. In this way the income level of peasants will be raised. Such a development in the agricultural sector will help peasants get better nutrition, will increase the export capacity of agriculture and will contribute to industrialisation by meeting the need for raw materials.

d) With regard to the work conducted by the State for the solution of the problems related to the agricultural structure, technology and the means of production and marketing, which appear to be the principal factors restricting an increase in agricultural production, particularly in small and middle-sized operations, will be supported by providing their needs and by helping them to organise in the form of co-operatives in order to sell their products.

e) The collective efforts aimed at solving rural problems will be conducted in a manner compatible with the characteristics of rural communities and the actual circumstances prevailing in them. In order to develop the structure of the community in the direction conducive to the creation of the most suitable environment, the various public organisations will adhere to common principles in discharging their functions.

f) In order that the services rendered to the villages may be more effective, these will be assessed in the Plan and the annual implementation programmes and embodied in short and long-term programmes. The programming of these activities through the agency of the nearest administrative units will be provided so that they may complement each other. The services will be increased in a direction tending to encourage the voluntary participation of the public, by taking into account the wishes of the peasants.

g) Taking into consideration the fact that when the elements required for the development of rural communities combine to form a whole they yield more effective results and the waste of resources is prevented, co-ordination will be provided among the total services at each administrative level to develop these communities. The policies outlined in the different sections of the Plan with respect to this subject, will be implemented in the light of this concept.

h) The organised and extensive educational services and demonstration programmes provided at the rural level will not be implemented until all the preparations designed to permit them to achieve significant results and to increase their number and scope, are completed. In providing these services the characteristics of the locality and the requirements of the village with respect to its main agricultural speciality such as grain, vegetable or fruit cultivation, animal husbandry or fishing, will be taken into consideration.

i) Provision will be made to enable village children and peasants to benefit from the educational and health facilities at the different levels provided by the State over and above those furnished at the rural level. In this respect, the basic principle of equal opportunity for all will be the guiding rule.

j) In order that Turkey's economic and social structure may undergo a change consistent with the aims of development, it is necessary that the population engaged in agriculture be shifted to the sectors outside of agriculture. This social mobility will be organised in such a way as to ensure that the population remaining in the villages, and that to be transferred to other sectors, enjoys a better life.

2. SITUATION

a) GENERAL

In order to achieve the targets of national development, the participation of rural communities with their total resources in the national development efforts and the possibility that they benefit from the results obtained are indispensable and have special significance.

In fact, policies aimed at helping the peasants and villages, where the majority of the population lives, achieve a minimum standard of living compatible with human dignity will assume significance and prove beneficial to the degree of their dependence on the actual circumstances prevailing in Turkey. As the great majority of the people in Turkey are illiterate, they are able to benefit from the educational facilities only in a limited way, the level of production is low, annual income is dependent on weather conditions, losses are substained because of the inadequacy of the marketing system, the income level is low, the mortality rate is high, the means of nutrition are limited and the infrastructure is inadequate. Furthermore, the villages are faced with adverse social and economic conditions that restrict the possibilities of employment and of utilising their resources.

In the light of legal, demographic and qualitative criteria, the village can be defined as a community where the economic structure is preponderantly dependent on agriculture, where social relations peculiar to it exist, as a place with a definite boundary for settlement, the smallest administrative unit and a locality whose population is under two thousand.

The places inhabited by the rural population today can be classified as follows: 35,441 of them are settlement units, described as villages within the administrative structure where the Law on Village Administration is applied and 29,836 are places of settlement called farms, neighbourhoods, out-posts, nomad camping sites, etc., where the same law is applied by special authorisation. Thus, the number of settlement units totals 65,277.

Of the total rural population, 7.5 per cent reside in villages with a population of 1 - 150, 54.9 per cent in villages with a population of 151 - 500, 27.8 per cent in villages with a population of 501 - 1,000 and 9.8 per cent in villages with a population over 1,000. Of the total number of villages 71.9 per cent are compact units, 11.8 per cent are slightly spread out and in 15.5 per cent the dwellings are far apart; 5,020 of the villages are located in forested areas and 8,250 are located on the edge of forests. Their total population is 2,400,000 and 4,500,000, respectively.

Since 1950, a decline has been observed in the ratio of rural population to total population. Yet the rural population is increasing at a fast rate, tending to exercise an adverse effect on the development effort.

As a result of the rapid increase in population, the mechanisation of agriculture, the lack of an adequate increase in yield despite development in agricultural technology and equipment, the almost complete cultivation of arable land, the splitting up of existing operations through inheritance, the loss of porousness of the cultivated soil, and the declining productivity of other lands opened up for farming, the diet of the rural population is limited, pastures and forests are not properly taken care of, and peasants, lured by the better living conditions in the city, migrate to the urban areas.

Land utilisation during 1950 - 1965 is shown in Table 116.

Agricultural yield in Turkey has been shown by taking into consideration the traditional structure of this sector of the economy, the undeveloped state of technology, the means of production used and the marketing system. Due to the failure to apply a steady price policy, the yield is low and does not seem to increase. The average yield per hectare for the years 1955 - 1960 and 1961 - 1964 is given in Table 117.

TABLE 116 — Land Utilisation (1950 - 1965)

(Thousand Hectares)

Years	Agricultural Land				Pastures and Grassland		Vineyards, Orchards and Groves		Forest and Un-Productive Land		
	Arable	Fallow	Total	%	Total Area	%	Total Area	%	Total Area	%	Area
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1950	9,868	4,674	14,542				1,810	2.3	23,881	30.7	77,698
1955	14,205	6,793	20,998	27	31,009	40	2,060	3.0	23,716	30.0	77,698
1960	15,305	7,959	23,264	30	28,658	37	2,139	3.0	23,716	30.0	77,698
1961	15,128	7,948	23,076	30	28,767	37	2,207	3.0	23,681	30.0	78,058
1963	15,276	8,637	23,913	31	28,257	36	2,249	3.0	23,680	30.0	78,058
1964	15,367	8,476	23,848	31	28,286	36	2,305	3.0	23,680	30.0	78,058
1965	15,294	8,547	23,841	31	28,232	36					

Source : State Statistical Institute

TABLE 117 — Yield per Hectare — Average Figures for 1955 - 1960 and 1961 - 1964

(Kg./Hectare)

Years	Wheat	Rye	Barley	Oats	Maize	Tobacco	Potatoes	Sugar Beets	Hemp	Cotton
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1955 - 1960	1,049	1,032	1,246	1,143	1,548	713	9,941	18,226	778	267
1961 - 1964	1,078	1,063	1,233	1,219	1,219	644	11,644	23,290	803	396

Source : State Statistical Institute

In the distribution of farmland by individual operations, there is a lack of balance which produces an adverse effect on production and, as a consequence, on the distribution of income. The distribution of farmland by agricultural operation is shown in Table 118 and the distribution of the national income derived from agriculture, again by agricultural operation, in Table 119.

TABLE 118 — Distribution of Agricultural Land by Size of Operation (1963)

Size of Operation	Number of Operations (1)	% (2)	Total Area of Land (Hectares) (3)	(%) (4)
1 - 50 Decares	2,132,288	68.78	5,219,248	24.8
51 - 200 Decares	852,825	27.51	8,775,146	41.7
201 - 1,000 Decares	110,814	3.57	4,932,427	23.4
1,000 Decares and over	4,323	0.14	2,145,727	10.1
	3,100,250	100.00	21,072,548	100.0

Source : Ministry of Agriculture

TABLE 119 — Distribution of National Income from Agriculture by Operations (1963)

Classification of Operations by Income	By Total Number of Operations (%)	Average Annual Income per Operation (TL)	Total Income (Million TL)	Annual Per Capita Income (TL)	Percentage of Share in Total Agricultural Income
	(1)	(2)	(3)	(4)	(5)
1 - 50 Decares	68.78	2,900	5.2	485	24.8
51 - 200 Decares	27.51	10,300	8.8	1,117	42.0
200 - 1,000 Decares	3.57	44,510	4.9	7,417	23.2
1,000 Decares and over	0.14	298,500	2.1	49,750	10.0

Source : Ministry of Agriculture

Some of the farmers do not own farmland and they cultivate other people's soil as tenant farmers and sharecroppers. Table 120 shows the number of operations according to the manner in which the land is utilised.

TABLE 120 — Operations by Forms of Ownership

Forms of Land Ownership	Number of Operations (1)	% (2)
Landowners	1,686,143	72.60
Landowners, Tenant Farmers and Sharecroppers, Combined	498,838	21.48
Tenant Farmers	14,815	0.64
Sharecroppers	57,161	2.46
Other Forms of Ownership	65,434	2.82
Total	**2,322,391**	**100.00**

Source State Statistical Institute

The rapid population growth and traditional legal relationships cause property and operational units to be split up. Table 121 shows the plots of land in agricultural operation.

TABLE 121 — Plots of Land in Agricultural Operations (1950 - 1963)

Number of Plots	Percentage of Operations	
	1950	1963
	(1)	(2)
1 Plot	5.4	9.6
2 - 3 Plots	22.7	20.8
4 - 5 Plots	23.2	19.9
6 - 9 Plots	26.1	24.9
10 Plots and Over	22.6	24.8
Total	**100.0**	**100.0**

Source State Statistical Institute

In the distribution of income also, one of the main factors affecting the structure of rural communities, there exists disparities resulting from the distribution of land.

Among these disparities, the very low annual per capita income is of primary significance. This is all the more reason why the policies designed to reduce these disparities should be aimed at raising the level of income.

Despite the changes in the structure of agriculture which have gained momentum since 1950, the agricultural sector is, to a great extent, under the influence of such factors as climatic conditions which cannot be controlled or determined.

There is favourable development in the technological changes tending to lessen the effects of these factors. The fact that in 1965 the number of tractors rose to 54,668 and the extent of tractor-cultivated land to 4,100,000 hectares is an indication of the mechanisation in agriculture. On the other hand, plow animals are still used to cultivate 19,741,000 hectares of land.

In the period 1948 - 1951, 0.14 kg. of fertilizers were used per hectare. In 1965 this rose to 8.6 kg. In 1963 artificial fertilizers were used in 13.5 per cent of the total agricultural operations and 3.5 per cent of the cultivated land.

In Turkey, 8,500,000 hectares is irrigatable and of this, 1,500,000 hectares is irrigated. Because of the failure of farmers to organise in matters related to irrigation, the credits extended for soil improvement and small-scale irrigation serve a limited purpose.

An increase has been observed in the amount of pesticides and insecticides used for pest eradication. In 1952, 2,584 tons were used. This usage rose to 25,222 tons in 1963 and to 35,709 tons in 1965. In spite of this it is estimated that 15 per cent of the various crops are destroyed by disease and pests.

In addition to the limited development brought by the change in agricultural technology, the state of land ownership outlined above gives rise to disparities in the benefits derived from the facilities that are provided. Of those farmers in a position to cultivate more than 50 acres of land, 60 per cent make use of agricultural machinery, 68 per cent make use of the land irrigated with water from artesian wells, 68 per cent make use of land irrigated with water conveyed through canals and 79 per cent make use of fertilizer.

In 1965 the volume of agricultural credits reached TL 5 171 million. In the course of 1965, the loans extended by the Agricultural Bank of Turkey directly to growers was TL 1,041,800,000 and 1,083,728 agricultural operations benefited from these loans. This figure is TL 230 million higher than that of 1962 although the number of operations benefiting from these loans remained the same. This shows that the increased credit facilities have failed to reach an extended portion of the agrarian population. About 40 per cent of the agricultural operations are unable to benefit from the credit facilities.

Of the operations benefiting from agricultural credits, more than 50 per cent received an average of TL 296, about 25 per cent an average of TL 700 and 0.003 per cent an average of TL 626,000. In 1965, 992,300 operations received a total of TL 551,700,000 and 91,000 operations a total of TL 489,750,000. These figures show both that the majority of the agricultural operations received credits hardly sufficient to develop agricultural production, and that the existing credit system is inadequate.

The price policies developed without taking into consideration the relationship of marketing and agricultural products, the fluctuations in the price of agricultural products, the lack of an adequate relationship between farmers and markets, the farmers' reliance on middlemen to market their products due to their failure to organise and the inadequency of storage, sorting, packaging and transportation facilities, tend to restrict the production and consequently the income of growers.

Agriculture is poorly served through publications below the township level. The opportunities afforded by the enhancement of the technological knowledge of those engaged in agriculture are not made use of.

In 1965 the principal co-operatives existing in villages were as follows : 1,744 agricultural credit co-operatives with 1,100,000 members, 231 agricultural sales co-operatives with 143,000 members and 74 production co-operatives with 352,000 members. The small number of co-operatives and members reveals that the greater majority of the rural population has not yet organised into co-operatives.

In recent years, especially in localities where the State has taken the lead and lent its support, it has been noted that organisations set up through the initiative of the people to build houses and village roads, to supply water, electricity and telephone facilities, and to undertake renovation projects, have been flourishing. It has been further noted that the State is not very effective in orienting and strengthening these organisations. Nevertheless these examples, which show that the initiative of the people is increasing and indicate the favourable change in the social structure of the rural communities and the transition from traditional to modern behavior, bear significance and are hopeful signs for the future.

In the agricultural sector, a comparison of such factors as manpower, land and capital reveals the excess amount of manpower in agriculture. This manifests itself as seasonal and disguised unemployment. Apart from causing a waste of manpower, those that are involved in seasonal or disguised unemployment create an adverse effect on the development efforts.

In Turkey, only 30 per cent of immovable property is registered with title-deed offices. Seventy per cent is either not registered or registered in a way that is legally worthless and ninety per cent of the registered immovable property is in provincial and township centres. This situation makes it difficult to extend credit to agricultural operations, restricts the work aimed at consolidating land holdings into larger units and gives rise to disputes in operations involving lines of demarcation between pieces of land and the use of pastures.

According to the results of the 1960 census, 30 per cent of the rural population is literate. Of this, 73 per cent is male and 27 per cent female. The important problem in this connection is the inadequacy of the teaching programmes, both in terms of content and application.

Children finishing the village elementary schools have a limited possibility to attend institutions of a higher level, except the normal schools. Boarding facilities in other types of schools are limited.

Public classrooms, mobile courses for men and women, home economics courses, 4 - H clubs and literature on agriculture are provided in rural areas to help the peasant population beyond school age and those unable to continue their education after the elementary school stage, acquire knowledge and skills. In addition, reading rooms have been opened in 6,123 villages and 4,312,600 books covering 90 different subjects have been distributed to other villages. In spite of these favourable developments it can hardly be said that the educational facilities provided to villages are adequate in quantity and quality.

No work has been undertaken to provide simple and inexpensive facilities where village youth can engage in various sports activities either individually or in groups.

Modern means of mass communication are steadily increasing in the rural areas. Today, almost half of the total number of villages receive newspapers at least once a week. In 1946 there were 24,000 radio sets in the villages. By 1960 this number had risen to 210,000. Out of the 2,590,000 radio sets existing in Turkey in 1966, the major portion was in the villages. Increases in the number of mass communication media and in the number of people that make use of them tend to accelerate modernisation and development activities.

The fact that the Ministry of Health and Social Assistance has been able to organise only down to the township level restricts the peasants' opportunity to benefit in their villages from the programmes involving direct medical treatment. The programmes designed to socialise health services and the efforts to make them available to villages have begun to yield results. At the end of 1966, services were provided to 4,250,000 people residing in 10,000 villages located in 17 provinces. In areas where socialisation and integration have not yet begun to be applied, services involving the treatment of malaria, trachoma and syphilis are provided to the villages and midwives and health officers are sent to them. Another problem is the fact that the diet of the peasants needs improvement. The traditional diet which has been passed from generation to generation, is low in calories and confined to a limited variety of foodstuffs.

The need for mills, which is closely related to the diet of the peasant, has not been adequately met. Most of the existing mills are primitive. Only in recent years has there been an increase in the number of mills which conform to modern technical standards. On the other hand, peasants continue to make their bread according to traditional methods in need of improvement and most villages lack public ovens.

In 1965 the number of dwellings in rural areas totalled 3,436,000. Of these, 16,000 are shelters such as tents and caves. Of the existing dwellings 59 per cent are sturdy, 24 per cent are repairable and 17 per cent are dilapidated; 51.4 per cent of the dwellings have flat roofs covered with clay and earth and 48.4 per cent have common gable roofs; 48.4 per cent of the total number of dwellings have glass windows, 55.5 per cent have a few glass windows, the others covered with boards or similar material and 200,000 dwellings have no windows at all. A great majority of the village dwellings lack the simplest facilities for taking a bath. In 1963 only 1,227 villages had public baths and 16,209 had public toilets. In most villages washing clothes is a difficult chore. In 1965 the average size of families in the villages dropped to 5.97 persons from 6.02. During the same period the number of persons per room remained at about 2.7. The average number of rooms per dwelling is 2.24. Fuel remains the peasants' major problem and the use of animal dung for this purpose is harmful economically. Turkey has yet to reach a technological level whereby she can obtain the optimum yield from the energy used.

Turkish farming villages do not have storehouses and granaries conforming to technical criteria where they can keep and store their agricultural equipment and produce. This causes a loss of income for the peasants.

In 1963, 4,580 villages were able to communicate with provinces and townships through the telephones installed in the gendarmerie stations of villages and district centres. This facility was available in 196 villages through the telephones in post offices. It is also possible to communicate by telephone and telegraph with the apparatus available in the district offices of the General Directorate of Forestry and in all the stations of the State Railways. Although peasants are able to make limited use of the available apparatus, there is no specific system governing such use. In the villages today there are 24 main post offices, 140 port office branches and 136 port office agents. In other villages, postal services are rendered through 1,982 mail carriers.

In 1963 there were 35,657 mosques in Turkish villages. Considering the peasants enthusiasm to build mosques, it can be said that the number of mosques today is above the known figure.

Because of historical reasons and in order to adapt to the natural conditions of the locality, the houses of Turkish villages are on the whole built close to one another. The possibility of renovating the existing structures, so important in the improvement of living conditions, is limited. Health conditions in the environment are inadequate.

In 1960, TL 54 million was appropriated from public funds to provide drinking water to the villages and TL 52.5 million to provide roads. In 1966 these amounts were increased to TL 178.6 million and TL 196.9 million, respectively. Appropriations from public funds for providing electricity to villages were made for the first time in 1964, and in 1966 TL 21.5 million was allocated for this purpose. In the meantime voluntary contributions on the part of the public have registered steady development and in this way the funds allocated for village roads have risen to TL 12 million, for drinking water to TL 32.5 million and for electricity to TL 10 million.

Despite these favourable developments, at the end of 1966 the total length of standard village roads was 22,815 kilometers instead of the required 150,000 kilometers of village roads. At the same time, 25,000 of the 65,000 rural settlement units, or 30 per cent, lacked drinking water and 19,000 units had inadequate drinking water. After the completion of the projects undertaken in 1966 there will be 693 villages equipped with electric power.

Among the services made available to the villages, the adequate co-ordination could not be provided and common principles were not taken as starting points. This constitutes an impediment to the provision of services to the villages in a way to supplement one another and leads to a loss of resources.

Villages and village administrations are still incapable of carrying out the services envisaged in the Law on Village Administration, which stipulates that such services are to be rendered by the villages with their own resources or with those to be provided to them. In the meantime, the requirements of local communities are increasing parallel to their social and economic development. The fact that the services incumbent on local administrations have not been organised in consistence with present-day conditions, tends to increase the load of the central administration. No training and guidance are provided to help village administrators discharge their duties efficiently.

b. VILLAGES WHERE SETTLEMENT SITES PRESENT SPECIAL PROBLEMS

Foremost among the villages where settlement sites present special problems are forest villages. There are 13,270 such villages in Turkey, or 37 per cent of the total number of villages. Of these, 5,020 with a population of 2,500,000 are located inside forests, while 8,250 are located on the edge of forests and their arable land is bordered by forests. The population of such villages is 4,500,000. It follows then that approximately 30 per cent of Turkey's total population lives either in forested areas or in areas adjoining forests. Studies conducted in 5,508 forest villages have shown that 62 per cent of them can be developed in their present site; but that this cannot be done in the case of the remaining 38 per cent.

No specific success has been achieved on the issue involving the development of forest villages. The fact that these villages are not easily accessible and scattered over a wide area restricts their chance to benefit from the services provided. In these villages, living conditions are difficult and the potential for development is limited.

The Forestry Law makes provision for the supply of funds from the Treasury in the case of villages which can be developed in their present site. For this purpose, a special fund of not less than TL 50 million will be established at the Agricultural Bank. From 1957 to 1966 only TL 11.5 million was deposited in this fund. The main difficulties in this connection arise from the fact that the manner in which these funds are to be utilised has not been clearly established and the legislation on banking is not clearly defined. The various difficulties encountered in the forest villages tend to increase the adverse effects of the population on nature and as a result the potential of these areas for human habitation, as well as their place in the economy, are diminished.

Turkey is a country surrounded by water on three sides and in the development of the villages along her coastline the expansion of fishing is of major importance. Peasants who have to earn their living by fishing because of the scarcity of arable land, have problems peculiar to them. The credit requirements of these villages cannot be adequately met and the possibility of their procuring the necessary implements and equipment and the provision of cold storage, transportation and marketing facilities is limited.

3. POLICIES TO BE APPLIED

a. As the possibility of increasing total production through more extensive agriculture no longer exists in Turkey, in order to achieve such an increase the efforts to improve the relationship between the system of land ownership and people will be continued. For this purpose:

(1) Work related to the registry of the quantity, value and ownership of real estate and the issuance of title deeds will be accelerated by placing due emphasis on the need of organising the relationship between the system of land ownership and people. The areas to be irrigated will be given precedence in such work.

(2) In order to enable landless farmers and those with little land to have an adequate amount to cultivate, such farmers will be provided with land, the system of tenant farming will be reorganised and the ownership will be documented with title deeds. The guiding principle in such work will be the concept of agricultural reform.

(3) In order to increase productivity in the agricultural sector, it is necessary to modernise the methods of production, use a larger quantity of high-yield seeds, improve the quality of produce, extend the irrigation facilities, make pest eradication more widespread and improve the marketing system. Along with the wider application of pest eradication methods, care will be taken to ensure that sufficient quantities of pesticides and insecticides are procured in time and at low prices Through these efforts, the implementation policies outlined separately and in detail in the section on the agricultural sector under the headings of Agriculture, Animal Breeding, Fishing and Forestry, will be rapidly put into effect and in this way rural communities will be helped to attain a higher level of income, technology and development. As a result, the period in agriculture based on tradition and experience will be closed and a new era based on technical knowledge will begin. In order to achieve this objective, programmes involving the diffusion of agricultural literature will be used as an important tool and the most effective methods to make modern agricultural knowledge available to the peasants will be sought and developed.

(b) In order to raise the farmers' level of income by encouraging them to grow more abundant and better quality crops, a firmly established price policy designed to prevent fluctuation in the prices of agricultural products will be applied by taking into consideration the interrelationship of such products.

(c) The amount of agricultural loans and the conditions and system governing their distribution will be so adapted as to contribute to an increase in production and to realisation of the social aims. For this purpose, such bottlenecks as taking the value of land holdings as a basis in granting loans and the restrictive effects of the security requirements will be eliminated, credits will be opened according to modern lending arrangements, the development of co-operatives will be supported through the credits extended to them and credit facilities will be provided to farmers to prevent any loss of income they are liable to sustain because of a shortage of capital.

(d) With regard to the capital shortage facing small and medium-size operations, co-operative associations will be encouraged to enable such operations to meet their need for equipment and credits and to be in a better position to carry out their marketing operations. For this purpose:

(1) Public institutions responsible for the establishment of co-operatives will be expected to pursue a common policy with regard to the methods and means used. These institutions will further be expected to carry out their services in such a manner as to make them complement one another .

(2) Training programmes will be organised in the villages to create and develop the right attitude toward co-operative associations and to help those who manage the co-operatives to be more active and to use greater initiative.

(3) In addition to the lending activities of the Agricultural Credit Co-operatives, they will be encouraged to provide their members with other facilities in the form of inputs.

(4) In order to increase the benefits derived from the agricultural co-operatives it is vital that they set up programmes for village efforts carried out within the investment projects designed to raise production. In this connection co-operatives will be supported from the technical standpoint and such projects will be given priority in extending credits.

e. The insufficient financial resources restrict the services rendered by the State to villages. The voluntary contribution of villages to these efforts constitutes an important factor. Programmes to increase such voluntary contributions and to promote their better utilisation will be implemented.

f. Elementary education programmes will be raised to a level whereby it will be possible to train village children to become skilled and capable citizens able to produce more and to put their knowledge to better use, with a high sense of responsibility and justice. The question of educating girls will also be studied. For this purpose, the education programmes for teachers will be reviewed.

g. Scholarships and hostel facilities providing village children the opportunity to pursue their studies beyond elementary school will be increased, and schools will be allotted quotas for this purpose. Work on extension courses will be stepped up in order to provide basic education facilities for and to improve the knowledge, skills and attitudes of peasants who remain in the village after finishing elementary school and for those who are past school age. Special efforts will be made to provide courses for girls and women to teach them home economics and hygiene. For this purpose:

(1) The co-operation of the organisations providing extension courses will be ensured so that they may carry out consistent programmes.

(2) Experimental and extension course programmes will be evaluated on the basis of the actual circumstances prevailing in the locality, of the demand for them and according to their economic feasibility. Programmes which fail to fulfill these conditions, which are inadequate in number and extent and which lack the potential for obtaining significant results, will not be carried out.

(3) In addition to the programmes designed to increase the peasants' production activities, instruction will be given to raise their standard of living and to improve their diet.

h. The extension of health services, particularly preventive health services, to the rural areas will be realised through the socialised programmes, and family planning programmes will be directed mainly to the rural areas. In the implementation of health programmes:

(1) The various organisations providing services to the rural areas will be encouraged to co-operate among themselves and their contribution to the improvement of health conditions in rural areas will be assured.

(2) In order to increase the benefits derived by peasants from the services offered and to ensure that the level of services goes up through their voluntary contribution, close relations will be established with the rural population prior to the initiation of work, and educational programmes will be carried out.

i. Rapid solutions will be found to problems involving the peasants' demand for roads, drinking water and electricity through investments which will put to profitable use their desire to participate. For this purpose, the local administrations will be reinforced and given responsibility. The agencies of the central administration will carry out the major projects involving the rendering of collective services.

Measures will be taken to provide the peasants with the knowledge and means conducive to their making full use of the sources of energy and to increase the use of lignite and other economic energy sources.

The peasants' ability to meet their housing needs will be supported. Projects will be prepared for housing units, farm buildings, bath-houses and laundries, and made available to the peasants together with technical assistance. Master-builders will be trained. Model plans for the reconstruction of villages will be made available to peasants to serve as guides, and technical assistance will be provided in this connection.

Peasants will be helped to plant trees and to contribute to the reforestration efforts.

j. In order to alleviate the pressure of the employment problem on villages which manifests itself in the form of seasonal disguised unemployment and to achieve the general objectives of social development, it is necessary that the population employed in agriculture be transferred to other sectors, within a definite system. Consequently, the population migrating to cities from rural areas will be job-oriented and trained.

k. In the relationship between manpower and employment in the agricultural sector, the type of produce is an important factor. The traditional methods of production will be directed towards the achievement of greater variety, within the framework of the education and co-ordination programmes.

l. Handicrafts and home crafts likely to be in demand in domestic and foreign markets and of a nature that will help put to profitable use the peasants' spare time and improve their economic potential will be supported in those areas where the conditions of development are favourable. In addition, effective ways will be sought to make the necessary manufacturing know-how available to rural areas.

m. In order to increase the contribution of the village administration and population to the development efforts and to enable the farmer to take a more active part and assume greater responsibility in the execution of public services, these administrations will be reorganised in a way to possess the required financial and organisational structure. An important factor in rural development is the increased effectiveness of the local administrations and the collective action of the organisations supplying services to rural areas. To this end, the various organisations supplying such services will be encouraged to co-operate among themselves at every level of activity.

n. About 30 per cent of the total rural population lives in villages located in forested areas. In order to help these villages develop, they will be encouraged to lend their efforts to operations involving the exploitation of forests, the transportation of forest products, forest improvement, water control, soil conservation and the building of forest roads. In work involving the improvement of animal stock and pastures and the growing of plants for animal food, villages will be given top priority. The efforts to substitute low-yield animals harmful to forests by those which are harmless and which have a high yield, will be accelerated.

Handicrafts and home crafts, as well as those which put to profitable use forest waste materials, will be supported by taking into consideration the relationship of the articles made with the market, and peasants will be helped to organise in this respect.

In order to develop forest villages, the credits extended to them will be arranged according to an effective and realistic system. Priority will be given to the forest villages for the vocational orientation courses to be organised for the transfer of the population employed in agriculture to the sectors outside it.

The population inhabiting the forested areas will be encouraged to set up co-operatives so that they may be helped to develop in their particular localities.

o. To help in the development of the fishing villages and the fishing industry, extensive educational programmes will be applied to increase the technological knowledge of peasants who earn their living by fishing and they will be helped to organise in co-operatives and will be supplied with modern equipment. In addition, cold storage and transportation facilities will be developed and a marketing system which will prevent loss of income will be organised. In such work, precedence will be given to the coastal villages where the soil is inadequate.

p. Research activities designed to consistently investigate the problem of villages and peasants in all its aspects and to reflect their true state in the plans and annual programmes, will be carried out by a unit to be established in the Ministry of Rural Affairs. Such activities will be in the nature of scientific research rather than a census.

PROGRAMMES FOR THE DEVELOPMENT OF INITIATIVE IN SMALL SOCIAL UNITS

1. PRINCIPLES

a. Efforts will be made to increase the desire of small social units to develop, to organise local efforts in this direction through government support and private resources and, while improving the co-operation between the people and public establishments, to ensure that all small social units contribute to these efforts.

b. Attitudes conducive to development will be encouraged to replace those tending to check the growth of initative on the part of the people and small social units. In this way, work programmes designed to increase the voluntary contribution of society to these efforts will be organised and funds will be instituted to support them.

c. Through these programmes, the initiative and the will to develop of small social units will be put to extensive profitable use by ensuring that public services lend their support to the efforts of these units.

d. In such co-operation between the people and public establishments, the "social development" method will be used to enlighten and educate the people and help them to organise. The existing public organisations will take part in the work under the direction of the governors and sub-governors.

e. In order that small social units may be given the full support of the kind mentioned above and benefit extensively from public services, public establishments will be reorganised and co-operation among them will be ensured at every level.

f. Initiative in small social units will be developed through education based on the social development method. Such education will be provided to the people and to public establishments at every level.

g. In order that the services made available to the small social units may be of short duration, effective in solving local problems, and so that they can benefit from local resources to a greater extent, such services will be programmed and carried out in the light of the principles and policies of the Plan, at levels close to small social units and in association with the voluntary help of the people.

2. SITUATION

The realisation of the objectives of planned development is possible if all the small social units throughout the country participate in the national development efforts. The participation of these units depends on the existence of conditions and possibilities that will ensure the full co-operation of the people and the public establishments. Such co-operation, while developing initiative, the desire to help one another and self-confidence in the small social units, renders it imperative to work out the development-oriented services and to make them available in such a way as to be supported by these units and prove effective to them.

In order to achieve this development-oriented co-operation between the small units of society and the public administration, the concept of mutual assistance and working in collaboration should be introduced. The work to be done in this atmosphere of co-operation for the realisation of the national development objectives, involves the adoption of various programmes and projects conducive to the solution of local problems through public support and the growth of resources, as well as the development of mutual understanding and rapprochement. The work to be undertaken at the rural level has been outlined under "Village Problems".

The preparation and implementation of these programmes and projects in keeping with the principles of the Plan is a matter requiring education and organisation. The social development method applied in this connection is of an extent that will bring the people and the public administration closer together, will make it possible for the public to derive greater benefit from public services, will develop the right kind of attitude in the people towards mutual assistance and co-operation, will encourage the establishment of local organisations ancillary to economic growth and social development, will ensure the finding of solutions to local development problems through the joint efforts of the public establishments and the voluntary and direct participation of communities in public services which concern the small social units. This method will also support the public administrations and help to enhance their effectiveness.

In the First Plan, the work involving social development was tackled as a method directed toward the development of rural communities in particular. Its applicability would be determined following work conducted in pilot projects. No services and investments were assigned to such work outside of those available for public use.

As implementation of the method depends upon adoption of this rapprochement by those who are to carry it into effect and their willingness to work accordingly, this point has been taken into consideration in the selection of the pilot project fields and the development of successful models in these fields has been set as an objective.

Among the public services related to work involving pilot projects, educational, research and programme preparation activities have been initiated under the guidance of all the responsible ministries, organisations and the State Planning Organisation. The purpose is to ensure the necessary concurrence of views and rapprochement at all levels (central organisations, provinces, townships and villages).

Apart from this work launched for the benefit of rural areas, research projects have been undertaken to cover the urban areas and especially the Gecekondu (squatter-house) districts. The purpose is to try out the social development method. On the whole, this applied research project involves such activities as education, organisation, co-operation and the preparation of volunteer work programmes.

In localities where the methods and principles of social development are put into application, it has been observed that on questions which need an urgent solution the rate of participation on the part of the people is high. The programmes pertaining to such activities are prepared following discussions with the people. This fact proves that when the necessary guidance and a limited amount of financial aid are provided, the people are prepared to take action and organise. Among public officials, confidence in pilot projects has increased and in certain localities the work is assuming a permanent character. This method has spread to areas outside of those where pilot projects are applied and has been favourably received.

The pilot project experiment has revealed that the social development method can be successfully applied in Turkey, provided certain conditions are fulfilled. However, before expanding the efforts, a sound system which puts special emphasis on the provincial and township levels must be established.

At the initial stage of the work on pilot projects there was an interruption due to the fact that the activities pertaining to rural development were placed under the jurisdiction of the newly established Ministry of Rural Affairs. The application of any method for social development requires the joint efforts of various organisations at every level. Yet, the notion was conceived that one single organisation was responsible for all the activities. This tended to put a limitation on the efforts made. No system could be established in the central administration, provinces and townships to enable a smooth operation. In the pilot project fields, the administrative staff trained for the purpose could not be maintained at a constant level, the education provided was not consistent and a "Social Development Institute", responsible for training top-level personnel as well as conducting research and making appraisals, was not established.

Economic and social problems make themselves felt in the cities and especially in the centres where the rate of urbanisation is rapid. In the programmes to be carried out for the solution of these problems, the application of the social development method will prove helpful within the programmes of the voluntary organisations and the social aid services. The purpose of such work will be to establish a useful relationship between those who provide and those who receive the service, to enlighten the small communities, to educate them and to ensure their voluntary contribution.

Urban social development work, which is in the nature of an applied research activity, has been initiated under the guidance of the State Planning Organisation with the participation of the ministries and organisations concerned.

3. POLICIES TO BE APPLIED

a. In implementation involving the use of the social development method, it is important for the public administration to win and maintain the confidence of the people in order to ensure their participation. To create such confidence, the programmes will be prepared in such a manner as to be applicable, they will be put into effect without delay, public aid will be provided in time and a fund will be established to assist in the local efforts.

b. To make sure that the programmes are adopted by the public and remain effective for a long time, the people will be guided and assisted in their efforts to establish such organisations as co-operatives and associations. In this respect, care will be taken to ensure that the whole nation benefits from the support provided, by taking into consideration the common problems of the smallest social units and the programmes will be made flexible so as to be adaptable to diverse conditions.

c. The duties of the staff of the different ministries and organisations which provide services to the small social units involving the maintenance of co-operation with the people in accordance with the social development method, will be clearly specified and established by legislation.

d. Those services which require the participation of the people will be programmed in the light of the objectives and principles of the Plan through co-operation of the government personnel with the people. Priorities will be established by consolidating these programmes at the township and provincial levels. The investing organisations will draw up the investment programmes at the national level by assessing the needs. Relations between the central and local administrations will be a two-sided give and take affair, reconciling national preferences with local needs and resources. These efforts will be linked to each other through local plans.

e. In the programmes involving the development of initiative in small social units, advanced publication techniques and visual instruction methods will be used in providing education for the people In such work, collaboration will be made with local leaders capable of influencing their environment. At every level, the administrative and technical personnel, as well as government personnel working with the people, will be trained to become the implementors of these programmes through on-the-job instruction during their period of instruction in the training centre.

f. The principles of the instruction needed for implementation of the social development method will be established by the Social Development Institute in the training centre and this institute will provide instruction to the top-level personnel. Instruction for orienting the personnel at local levels will be carried out at these levels by the ministries and organisations concerned in accordance with the above-mentioned principles.

g. The task of directly implementing programmes at the local levels and of providing vertical and horizontal communication is incumbent on the governors and sub-governors. The local levels will discharge this task through a "Social Development Co-ordination Council." In conjunction with their administrative duties, these councils will make continuous evaluations. In order to achieve the work required to be done at the local level, the township level will be reinforced both from the administrative and technical points of view. In activities involving urban social development, the co-operation of the municipalities will be secured.

h. The success of the above-mentioned programmes depends upon fulfillment of the conditions enumerated in this section. To this end, the programmes will be expanded at a rate allowing for the provision of public support and will not be stretched to an extent making their implementation impossible. The inclusion of all the provinces in the work designed to raise public efforts to the required level will be ensured within the Second Plan period.

i. A suitable environment will be created through publication programmes to ensure that the people and the intellectuals voluntarily take part in the programmes designed to develop initiative in the small social units.

PROBLEMS OF YOUTH

1. OBJECTIVES

a. Turkish youth is the exponent of the Turkish people's inexhaustible vitality to exist as a nation. It is the uniting and binding element ensuring the continuity of the duties and responsibilities in every phase of the nation's life. The efforts required to solve the problems of youth bear great significance in the long run. The aim will be to develop the enterprising, productive and creative qualities of young people and help them become happy and productive citizens.

b. Rising to the level of contemporary civilisation is possible only if young people prepare themselves in the best manner for the duties they are to undertake in the future. The preparation for those duties is directly related to the training of young people. Such training will involve not only formal schooling but will also provide students with knowledge in regard to the requirements of social welfare, health and employment, as well as to teach them social, moral, ethical and cultural values.

During the Second Plan period, the problems related to youth will be taken up as a whole, programmes providing services to young people will be developed, close co-ordination and collaboration will be established among the various services, solutions will be found in accordance with the principle of equal opportunity for all, and the problems of young people living and studying in villages and cities, as well as those not attending school, will be taken up.

c. Opportunities will be provided so that young people will not indulge in harmful and unproductive activities during their leisure time. Instead, they will be encouraged to put their leisure time to good use by engaging in pursuits that will help them acquire profitable knowledge and skills.

d. By creating the necessary environment and by providing special facilities for the development of capable and talented young people, they will be encouraged to contribute to the national development and to contemporary civilisation at a high level.

e. Provision will be made for the productive participation of young people in the development effort within definite programmes and for the orientation of the existing potential in the direction of the development objectives. Such participation will be organised in a way most conducive to the development of the individual qualities of young people, their ability to work collectively for a common purpose and their awareness of the necessity of making a contribution to the national development.

f. Youth organisations will be encouraged to engage in activities directed toward the problems and needs of young people.

g. In order to ensure that young people are brought up under favourable conditions in terms of mental and physical health and that they develop sound health habits, emphasis will be placed on health education and, in particular, preventive medical facilities will be provided.

2. SITUATION

In 1965, the ratio of young people between the ages of 14 - 24 to the total population was 19.1 per cent, as shown in Table 122. In the large cities, the ratio of young men to the total population was higher due to factors such as the location of educational facilities and permanent or temporary migration. According to Table 123, approximately two-thirds of the population in the 14-24 age group (60.3 per cent) are male and one-third female (39.7 per cent).

TABLE 122 — Population in the 14 - 24 Age Group by Sex and Its Ratio to the Total Population (1965)

Sex	Total Population (1)	14 - 24 Age Group (2)	(%) (3)
Male	15,945,768	3,117,410	19.6
Female	15,445,439	2,867,010	18.6
Total	**31,391,207**	**5,984,420**	**19.1**

Source : A 1 per cent sampling of the 1965 census.

TABLE 123 — Population in the 14 - 24 Age Group in the Three Major Cities and Its Ratio to the Urban Population (1965)

City	Total City Population (1)	Male (2)	Female (3)	Total Population 14 - 24 Age Group (4)	% (5)
Ankara	774,208	140,939	83,856	224,795	29.0
İstanbul	1,563,721	238,723	157,388	396,111	25.2
İzmir	367,509	46,160	38,778	84,938	22.8
Total	**2,705,438**	**425,882**	**280,022**	**705,844**	**26.1**

Source : A 1 per cent sampling of the 1965 census.

Table 124 shows that approximately one-third of the population in the 14 - 24 age group lives in cities and two-thirds in localities with less than 10,000 inhabitants.

TABLE 124 — Population in the 14 - 24 Age Group in Cities and in Localities With Less Than 10,000 Inhabitants and Its Ratio to the Total Population (1965)

Sex	Total 14 - 24 Age Group (1)	Urban 14 - 24 Age Group (2)	% (3)	Rural District and Village Age Groups (4)	% (5)
Male	3,117,410	1,313,494	42.1	1,803,916	57.9
Female	2,867,010	870,484	30.4	1,996,526	69.6
Total	**5,984,420**	**2,183,978**	**36.5**	**3,800,442**	**63.5**

Source : State Planning Organisation

As health services become more extensive in Turkey, infant and child mortality tend to gradually decrease. Even if population planning was to be carried out on an extensive scale, the upward trend observed in the lower age groups in proportion to the total population would continue for a long time to come.

35.1 per cent of the 14 - 24 age group is illiterate. In the lower age groups, a drop is observed in the rate of illiteracy as the difference between the sexes decreases. This is shown in Table 125.

TABLE 125 — Ratio of Illiterates in the 14 - 24 Age Groups by Sex

Age Group	Population (1)	Illiterate Total (2)	% (3)	Male (4)	% (5)	Female (6)	% (7)
14-19	3,618,724	1,186,230	32.8	367,663	30.9	818,567	69.1
20-24	2,365,696	916,231	38.7	231,045	25.5	685,186	74.8
Total	**5,984,420**	**2,102,461**	**35.1**	**598,708**	**28.5**	**1,503,753**	**71.5**

Source : A 1 per cent sampling of the 1965 census.

According to Table 126, more than half (54.5 per cent) of the population between the ages 14 - 24 have finished elementary school. In the lower age groups, the ratio of those with elementary education goes up and the difference between the sexes decreases.

Of those finishing elementary school each year, one-third are able to pursue their studies in a secondary school. Those who continue their studies after primary school constitute about one-tenth of the 13-22 age group. Nine-tenths of this age group are young people who receive no further schooling. The school attendance ratios of the various age groups are shown in Table 127.

TABLE 126.— Ratio of Population in the 14 - 24 Age Group with Elementary Schooling by Sex (1965)

		With Elementary Schooling					
	Population	Total	%	Male	%	Female	%
Age Group	(1)	(2)	(3)	(4)	(5)	(6)	(7)
14 - 19	3,618,724	2,083,880	57.6	1,330,310	63.8	753.570	36.2
20 - 24	2,365,696	1,178,735	49.8	785,548	66.9	390,187	33.1
Total	**5,984,420**	**3,262,615**	**54.5**	**2,118,858**	**64.9**	**1,143,757**	**35.1**

Source : A 1 per cent sampling of the 1965 Census.

TABLE 127 — Ratio of Population Attending Schools of Different Levels (1965)

	Population	Students Attending School	Ratio of School Attendance
Age Group	(1)	(2)	(3)
13 - 15	2,151,515	456,120	21.2
16 - 18	1,790,895	183,221	10.2
19 - 22	2,400,423	79,944	3.3
Total	**6,342,833**	**719,285**	**11.3**

Source : State Planning Organisation

The work conducted through extension courses does not entirely cover this age group. In the villages especially, where the majority of the population lives, extension courses are of primary significance. Although 456 mobile trade courses for men, 70 home economics courses and 548 mobile courses for village women are currently active, these are far from meeting the present demand.

In 1965, two-thirds (66.7 per cent) of the population in the 15 - 24 age group was working. Of these, 78.3 per cent were occupied with farming, fishing, hunting, mining and quarrying.

The rapid pace of development in Turkey gives rise to many problems involving youth in the family, in school and in society. In particular the young people migrating to the cities from villages are faced with serious problems of adaptation. At the age when young people begin to enjoy greater freedom of action, juvenile delinquency assumes importance as a major problem.

The orientation services designed to help young people with their psychological problems and guide them to vocations compatible with their ability, are inadequate. The orientation centres functioning in seven provinces are primarily engaged in activities involving elementary schools.

The possibility of putting to profitable use the leisure time of young people through constructive activities conducive to the development of their aptitudes, and the organisation required for such activities, is very limited. If the time devoted to leisure each day is assumed to be one hour, for the 14 - 24 age group this adds up to approximately 18 million hours a month or 200 million hours a year. The fact that activities designed to put leisure time to profitable use are not adequately organised, leads young people to engage in unproductive and harmful activities.

At sports events young people are for the most part spectators rather than players and they are unable to benefit actively from the available facilities.

3. POLICIES TO BE APPLIED

a. In order to develop manpower, which ranks foremost among the resources contributing to development, it is necessary that young people prepare themselves in the best manner for the social and economic activities they are to undertake, both in terms of knowledge and morale.

The goal of post-elementary education is the training of young people both in terms of quantity and quality as required by the development efforts, in accordance with the principle of equal opportunity for all. In addition to the knowledge to be imparted inside the community and in the fields of employment, special opportunities will be provided outside of schools to help young people acquire skills and develop their talents and capabilities.

b. Extension courses will be organised to ensure that young people inhabiting the rural areas, especially young women, are able to adapt themselves to the requirements of the developing economic and social life. These courses will be increased to the extent necessary to obtain significant results. Such educational opportunities and vocational orientation services will be provided for young people migrating from the rural to the urban areas and to those working in the cities.

c. Programmes will be organised to guide cultural activities in the direction of large groups of young people and to ensure that they take part on an extensive scale in cultural and vocational activities. Publications which distort cultural values will be precluded.

d. Young people are interested in sports as spectators. Programmes will be organised to develop this interest so that young people may take an active part in sports and benefit from the available facilities to a greater extent.

e. Summer camps will be organised for young people. In particular, the educational and instructive aspects of excursion programmes involving visits to the big cities by young people inhabiting the smaller towns will be organised and for this purpose use will be made of the accomodations of boarding schools in various localities.

f. In the care of young people who live in an environment likely to influence them to commit offenses, the work aimed at preventing and correcting such influence will be carried out in conjunction with the educational and orientation services designed to lessen the effects of such environment.

g. To ensure that the young generation grows up in good health, health services will be provided in schools by developing the specialisation of school physician.

h. The participation of young people attending secondary schools, particularly schools of higher learning, in programmes which apply the social development method by achieving exemplary work, is proving helpful in two directions.

The Village Aid Societies and Voluntary Work Camps established in the universities will be guided and supported and those taking part in these programmes will be given advanced training on the subject of social development.

i. In developing the programmes of public organisations which provide services to young people, co-operation will be made with the various youth and student organisations as well as with the related voluntary organisations.

j. Programmes will be organised with the co-operation of various organisations involving sports, extension courses and cultural and social activities. Youth leaders will be trained to conduct these activities and use will be made of the available facilities and of schools outside of teaching hours.

k. Vocational guidance services will be provided to young people in secondary schools. These services will be of assistance in the special problems of young people, in developing extra-curricular activities, in providing a higher level of education according to aptitudes in the orientation of drop-outs to a vocation and in organising their employment during the vacation months.

l. The education of young people which starts in the family prior to the secondary school stage has a significant effect on the years ahead. In the pre-school age period, through work involving the protection of the health of mothers and children and in the school-age period through the parent-teacher associations, parents will be given information on character development in children and on the problems encountered in adolescence. Related services will also be provided to them. In this way, young people will be helped to prepare themselves for adolescence in a favourable environment.

m. Scholarships will be awarded in accordance with the principle of equal opportunity for all, the number of scholarships and loans which do not impose a period of compulsory service will be increased and the sums involved in scholarships will be raised to a level providing for a definite standard of living.

Organisations awarding scholarships will be encouraged to keep in constant touch with the recipients of scholarships and by providing other social services, young people will be helped to organise social activities.

n. The medico-social centres of universities will be supported to ensure that they include all young people attending the universities and schools of higher education. This will be achieved by improving the operation of such centres.

o. The relations between young people attending schools of higher education and the educational institutions will be promoted and the facilities for mutual communication will be organised within a single system.

p. The accommodation facilities of student hostels will be improved in terms of quality and quantity. Such hostels will be helped to develop into centres where students can engage in social and cultural activities. Furthermore, the establishment of centres where students pursuing higher education may get together and have meals, will be realised.

q. Youth organisations which cater to students pursuing higher education will be induced to stay away from political influences and young people in all faculties and schools of higher education will be encouraged to engage in sports and cultural and social activities that will make it easier for them to solve their problems and help them acquire abilities and enhance their opportunities.

r. As outlined above the problems of youth involve a variety of subjects and are the responsibility of many organisations. While implementing piecemeal the principles set forth to solve the problems of youth through the measures taken, it is important that all these activities be carried out as a whole and that the special policies outlined in this section be put into effect in order to achieve a successful result. In the Second Plan, the procedure followed in implementation will realise this unity of activities.

SECTION VIII

HOUSING AND RESETTLEMENT

THE PROBLEMS OF REGIONAL DEVELOPMENT, URBANISATION AND RESETTLEMENT

1. OBJECTIVES

a. Investment in services to achieve balanced inter-regional development will be directed towards those communities which cannot benefit sufficiently from these services and emphasis will be placed on the balanced distribution of these investments among regions. Investments that will increase economic activity in the less developed regions will be concentrated in urban centres which possess high growth potential. Thus, self-sustained growth centres which influence their environment will be formed.

b. Emphasis will be placed on the allocation of public investments to more than one location in order to direct economic activities toward less developed regions. Preference will be given to economically justifiable investments in the growth centres of the less developed regions. A policy to develop the resources of these regions and direct private investment to them will be implemented.

c. Urbanisation will be supported and use will be made of urbanisation as a tool of development.

d. Measures will be taken to increase the rate of social change in urbanisation to the maximum, while ensuring that efforts for achieving this goal will be kept at a minimum.

e. Balanced urbanisation as a goal will be realised by establishing a pattern of resettlement which will promote economic and social development, and by taking into consideration labour productivity and the requirements of the economic and social structure. Investments in rural areas, during the transition period from rural to industrial urban areas, will be made in such a way as to ensure the future relationship of villages with the cities.

f. Industrialisation, modernisation in agriculture and urbanisation are the three inseparable factors in the process of development. Politically these factors will be treated as a whole and efforts will not be undertaken to develop any one of these factors independently from each other as this would lead to a waste of resources.

g. Urbanisation will be considered within the context of the institutions created by this activity and of the city and regional relationship. Thus, cities will not be treated independently when solving urban problems.

h. Projects for infrastructural investments will be prepared in such a way as to obtain maximum utility in the future industrial society.

i. Immigrants will be settled in places which are similar to their previous environment and in accordance with the general resettlement policy and the principles of urbanisation.

j. Implementation of the general resettlement policy can be realised not only by taking special measures but by maintaining consistency between the economic and social decisions as well as the principles and policies of the Plan. Therefore, economic and social decisions to be made during the Second Plan period will be conducive to the realisation of urbanisation and balanced growth.

2. SITUATION

a. THE PROBLEM

The purpose of planned development is to modernise the economic and social structure and to speed up social change. The problem is the minimisation of hardships during the rapid transition from a pre-industrial to an industrial society.

In the pre-industrial society villages and cities are not related and can be considered as separate. On the other hand, in an industrial society rural and urban life is connected and agricultural establishments emerge depending on the technological level of the society. Acceleration of the transition and the minimising of sacrifices are dependent on region-wide solutions. Urbanisation as an institution of settlement structure and social order of the industrial society, emerges as a goal to be attained. Urbanisation is not only a goal but at the same time it is a vehicle of economic and social development.

There are "external economies", like urbanisation and resettlement, which may not be taken into account if the national planning of any sector is only based on economic criteria. External economies are created in cities. Thus, urbanisation is a useful tool of development because it enables savings in the process of industrialisation. Urbanisation in this respect is a factor which influences economic development directly as well as accelerates social change. Cities play an accelerating role in technological change. This is due to the fact that the concentration of population increases specialisation which in turn accelerates technological change. This characteristic of urbanisation justifies the social cost of urbanisation.

Urbanisation is also useful if it is accepted as an expenditure for social benefits in the economic programme. This expenditure is not unproductive and its social benefits help to secure many advantages from the process of urbanisation.

b. TREND OF DEVELOPMENT

Although urbanisation became a major force only following the Second World War, it had limited development in Turkey and created great problems. For many years it was argued that urbanisation should and could be prevented. It was suggested that migration to cities should be subject to special permission or measures should be taken to create urban type activities in villages in order to restrict migration to cities.

Urbanisation was considered to be an undesirable phenomenon to be put up with, rather than an indicator and accelerator of development.

Although the First Plan accepted urbanisation as a yardstick for development, it favoured a "balanced urbanisation" which meant that cities should only grow as fast as new job opportunities are created.

Thus, the concept of treating urbanisation as a factor of economic and social development emerged only very recently. This situation restricted the success of the policies and measures taken in order to correct the inter-regional imbalances in Turkey.

As mentioned above, balanced growth among regions depends on the conscious expansion of urbanisation. The implementation of the resettlement policy was not sufficient to solve this problem. Although the ratio of investment made in the less developed provinces of eastern Turkey to total investment increased from 11 per cent to 18 per cent and then to 23 per cent, economic development in these provinces was limited. The tax reduction to encourage investment in the less developed regions was not effective. Organised industrial districts which were considered as a tool of development in the less developed regions could not be established. Nevertheless, improvements were made in social services and public funds for this purpose were channelled into the less developed regions. While in 1960 there was one doctor for 11,400 persons in the eastern provinces, in 1965 this ratio was one doctor to 7,700 persons. The present state of urbanisation in the less-developed regions shows that there are certain urban centres which will grow rapidly and influence their environment.

It is important to support this trend towards urbanisation with industrialisation and to make use of this capacity. Until now the rate of urbanisation in Turkey was not very high. In 1927, 16.4 per cent of the total population was living in cities with a population over 10,000. This ratio was 18.5 per cent in 1950 and 29.9 per cent in 1965. Thus, in 38 years the total population of cities increased by 6,651,894 people. According to the definition which regards provincial and district centres as cities, the share of urban population increased from 24.2 per cent in 1927 to 34.4 per cent in 1965.

TABLE 128 — Increase in the Percentage of Urban Population in Turkey

Years (1)	1927 = 100 (2)	City Population (%) (3)
1927	100	16.4
1935	120	16.6
1940	144	18.0
1945	154	18.3
1950	174	18.5
1955	238	22.1
1960	326	26.3
1965	419	29.9

Source : State Statistical Institute

TABLE 129 — Increase in the Urban Population in Turkey

Years	City Population	5 Year Increase	Average Annual Increase
(1)	(2)	(3)	(4)
1950	3,883,865		
1955	5,324,297	1,440,532	288,106
1960	7,307,816	1,883,419	376,683
1965	9,395,159	2,087,343	417,468

Source : State Statistical Institute

In the near future the rate of urbanisation in Turkey will increase much more than in the past. According to different estimates, the population of cities during the next 20 years will reach 25 - 30 million and half of the total population of 55,000,000 will live in cities. When the problems faced to meet the demands of the additional city population of 4 - 5 million people during the past 15 years are taken into consideration, the magnitude of the problems Turkey will have to face in the future becomes more apparent. During this period the urban population will increase by roughly 1,000,000 every year. It is estimated that the annual rate of urbanisation will be 6 - 7 per cent during the Second Plan period. This rate was 6.5 per cent during 1955 - 1960 and 5.2 per cent annually between 1960 and 1965.

Urbanisation in industrialised countries is different from urbanisation in underdeveloped countries. Although in an industrialised country there is a balance between the absorptive capacity of the cities and the outflow from the rural areas, in an underdeveloped society the population which is obliged to leave rural areas is not easily employed in cities.

When urbanisation and the number of workers employed in industry in the large cities of Turkey in 1965 is compared, it can be seen that urbanisation precedes industrialisation.

TABLE 130 — Industrialisation in Large Cities (1950 = 100)

Provinces	Index of Number of Workers (1)	Index of Urbanisation (2)
İstanbul	240	178
Ankara	446	313
İzmir	139	174
Adana	179	246
Bursa	154	205
Eskişehir	170	194
Gaziantep	115	220
Konya	242	245
Kayseri	155	194

Source : State Planning Organisation

Although there is some absorptive capacity in the cities, the main reason for urbanisation in Turkey is the propelling force from the rural areas caused by technological developments, the limitation of suitable agricultural land and the division of land holdings. As the activities in the cities, especially industrialisation, did not develop rapidly the cities were not ready to absorb the influx of people. For this reason, urbanisation in Turkey is essentially demographic. Cities with increasing populations did not develop their urban characteristics either economically or socially.

Technological change in agriculture continues in Turkey. Even if the degree of change affects the percentage of people freed from agriculture, it will still not change the speed of urbanisation. If agricultural technology does not develop, production will remain stagnant, the rural population will increase, people-land relationships will deteriorate, per capita income will drop and the rural population will be forced towards urban areas. If there are technological changes in agriculture, this will increase agricultural production, but the mechanisation necessitated by this new level of technology will free a part of the agricultural labour force and consequently will encourage urbanisation. Thus, urbanisation is not only an indicator and a vehicle of economic development and modernisation but it is also an unavoidable phenomenon.

Industrialisation is the main condition for urbanisation and for achieving a balanced regional development. On the other hand, it can be stated that although demographic urbanisation is not sufficient for industrialisation, nevertheless it is a positive condition. Industrialisation, which has such positive influences on urbanisation, is not the most costly aspect of urbanisation. A per capita investment of TL 4,000 is necessary in the manufacturing sector in order to achieve balanced urbanisation. But in order to meet the housing and social infrastructure requirements of urbanisation a per capita investment of TL 10,000 is needed.

The distribution of cities within Turkey and the different growth rates of cities of various size is very important.

Table 131 shows the importance of cities with a population of more than 100,000.

TABLE 131 — The Percentage of Urbanisation According to City-Size Within the Total Urban Population

City-Size (Population)	Number of Cities in 1945 (1)	Per Cent of Urban Population (2)	Number of Cities in 1965 (3)	Per Cent of Urban Population (4)
10,000 - 20,000	62	23.2	79	11.6
20,000 - 50,000	30	30.6	68	22.6
50,000 - 100,000	6	9.4	16	12.6
More Than 100,000	4	38.5	14	53.2

Source : State Statistical Institute

When compared with the past, the largest increase in population is seen in the cities where the population is over 50,000. This is not due to an increase in city size but to an increase in density.

The Marmara and Aegean regions are more urbanised as compared to other regions of the country. Between 1960 and 1965 an important development took place, namely, the population of the larger cities increased at a higher rate than others. Migration from the less developed to the more developed regions continued. The fact that the rate of urbanisation in the less developed regions increased shows that the excess agricultural population freed from rural areas can now be employed in urban areas because of the economic development that has taken place.

In 1960, 43 per cent of the Marmara region was urbanised and by 1965 this figure had risen to 47 per cent. The percentages for the eastern Anatolia region for the same period were 13 per cent and 17 per cent, respectively. If urbanisation can be taken as an indicator of development, the urbanisation percentages in 1965 were 17 per cent in the eastern region, 19 per cent in the southeastern region and 14 per cent in the Black Sea region. According to another indicator of development, 51 per cent of the total population lives in provinces which have a population below the national average. Regional differences according to the level of development can be traced in small settlement units. A study undertaken to investigate the degree of development of district centres reveals that there are some towns in the eastern and southeastern regions that are more developed than some of the towns in the Aegean and Marmara regions. Emphasis should be placed on solving as a whole the problems of regions where the less developed towns and cities are numerous.

Municipal administrations are the units directly responsible for the cities. Social and economic problems in cities are not only the natural outcome of economic development but also are a result of national political decisions and can be solved by them. The government's contributions to and control over municipal services is very important. The magnitude of the problem and the limited resources of the municipalities result in the failure of the municipalities to assume their responsibilities. Although the government influences the cities directly or indirectly to a great extent, there are no institutions or programmes to co-ordinate these efforts.

The organisation and responsibility of municipal administrations in cities of varying sizes are the same. For example, the Istanbul municipality has the same organisation and performs the same duties as cities which have a population of only several thousand.

3. IMPLEMENTATION POLICIES

a. REGIONAL DEVELOPMENT

(1) In allocating public investment to services, priority will be given to those communities that do not benefit from services sufficiently and to the less developed regions. Even though these investments will contribute to the economic and social development of the regions, it is important to assist the development of urban centres which have a good growth potential and can sustain their growth. For this reason, strategic urban centres in the less developed regions will be supported by intensifying

infrastructural investments in these areas. Also, with due attention to economic feasibility, industrial investments will be made around these centres so that they can sustain their growth and influence their environment.

(2) To increase industrial activities in the less developed regions, emphasis will be placed on increasing public investment in these areas. Also the incentive measures for the private sector to undertake more industrial investments in these areas will be increased. To realise this goal, investors will be provided with credits and tax exemptions and industrial districts with infrastructure, including inexpensive water and energy, will be established. Guidance will be given to enterprises which are interested in investing in these regions. The regional planning techniques to be used are explained in the section on regional planning.

(3) Public institutions will give priority to the preparation of alternative projects to exploit the resources of the less developed regions.

b. URBANISATION

(1) Large urban centres are gaining in strength so as to contribute to the process of economic and social development in proportion to their size. The population in large cities presents characteristics not found in small urban centres. These characteristics accelerate economic and social development. Therefore, the growth of large cities will not be prevented but will be supported.

(2) Connection between national and regional centres will be provided. Regional centres will be developed so as to maintain relations within the region and to improve inter-regional relations.

(3) Regional centres will be the focal point of the transportation and communication systems. There will also be intensive investments in these centres.

Model settlements that are needed in the regions will be developed in these centres.

(4) District centres constitute an intermediary stage between cities and villages. This stage limits the expansion of the influence of urban centres. Instead of increasing the number of district centres, the most appropriate urban centres should be supported so that urbanisation will have the form of a real urban environment and relations between cities and villages will be developed in accordance with the industrial requirements.

c. RESETTLEMENT

(1) Heavy industry, which in the choice of location takes into consideration the problems of raw materials and transportation facilities, offers only limited opportunity for urbanisation. The choice of locations for large projects which can influence urban growth, will be made by the State Planning Organisation. In particular, light industry will be used as a tool in the implementation of the urbanisation policy. Even though the activities of small artisans create employment opportunities, their

overall effect is quite limited. Therefore, development of the small industrial establishments will be in accordance with the requirements of the transitional period in industrialisation. Industrial districts will be established in such a way as to take advantage of the urban centres and industrial districts at the same time. Industrial districts will not be established too far from the urban centres because of land prices.

(2) Structural changes are taking place in agriculture as in industry. Rural settlements show a tendency to be directed towards urban centres and are being concentrated around more functional dwelling centres. This trend will be encouraged through public investments. The important agricultural industries will form a nucleus around which other light industries will be developed. Settlement plans and infrastructure investments will be based on this principle.

(3) Infrastructure investments are an effective tool in regional development. In the construction of railroads, highways and ports, this fact will be kept in mind. In the preparation of projects, emphasis will be placed on investments which can provide the framework required by an industrialised community.

(4) Social investments will be consistent with the resettlement policy and the city priorities. This consistency will increase the usefulness of the present and future social establishments.

(5) In view of its responsibilities in urbanisation, the Ministry of Construction and Resettlement will be directed towards a certain goal and will be reorganised so as to be able to assume various public responsibilities at different levels. A division of labour between the central government and municipalities will be determined in accordance with the importance and characteristics of the urban centres and the urbanisation policy. A shortage of revenue in some major cities limits positive development. In these cities, the State will assume additional responsibilities.

(6) The scope of city planning as a development tool will go beyond the supervision of land utilisation and esthetic appearance. Because of the limited funds to be allocated to city growth in the initial years of the Plan period, emphasis will be placed on the elasticity of city-plans, on the continuity of implementation and the maintenance of over-all city planning against individual decisions.

(7) In the implementation of city planning, the present method of making individual decisions for each building will be abandoned. City plans will also define the limits of the functions and characteristics of new construction. In the preparation of these plans, requirements of the growing urban centres will be kept in mind.

(8) After the realisation of public land holdings in the city growth areas, the necessary infrastructure investments will be completed in accordance with the city plan and land will be rented at increased prices. To maintain control over the land policy, the publicly owned lands will not be sold. Those who benefit from the increase in land value will also participate in the cost of infrastructure.

REGIONAL PLANNING

1. OBJECTIVES

a. An understanding of the regional growth potentials and the inter-relationship between various economic and social activities is essential in reducing regional disparities in development through a balanced distribution of investments. Regional planning will be used as an effective tool during the Second Plan period. Regional plans will be implemented by maintaining consistency with the objectives and policies of the Second Plan and in accordance with the regional development, urbanisation and settlement policies of the Plan.

b. Regional growth potentials will be determined by giving priority to the less developed regions. Detailed studies will be undertaken to seek solutions to the problems encountered and to complement investment studies. The problem of resettlement will be included in this study. The criteria for the choice of locations in investment projects will be the maximisation of benefits from an investment.

c. Priority will be given to determination of the rapidly growing urban centres in the less developed regions.

d. Regional settlement plans will be prepared to help the systematic expansion of regional economic and social activities, to realise economies in the distribution of infrastructure investments and services, and to assist the development of industries. These plans will guide the activities of the private sector and regulate urban resettlement.

2. SITUATION

Attempts were made during the First Plan period to make use of regional plans as a tool in the realisation of regional balanced growth and systematic resettlement.

The studies made in the Antalya and Çukurova regions under the sponsorship of the State Planning Organisation with substantial contributions from interested institutions, and the experiments made by the Ministry of Construction and Resettlement in the Zonguldak, Keban and the Marmara regions, have assisted the development of regional planning policies in accordance with the conditions obtaining in Turkey and consistent with the objectives of the Development Plan.

These studies were undertaken as experimental regional projects during the First Plan period. They have been useful in the preparation of development programmes which also comprise the inter-sectoral relations of the regions. Regional planning methods, which from the technical point of view will be usable in the coming years, have been developed and the necessary environment and trained personnel required for regional planning studies are now available.

3. IMPLEMENTATION POLICIES

a. It will be particularly emphasized that regional planning studies complement national planning studies, assist in the implementation of the Plan and are consistent with the objectives and policies of the Plan. Development opportunities that are to come up as a result of the regional planning studies will be of such character as to enable the Plan to make a choice among the various projects and to determine projects that need to be undertaken jointly. Thus, a method will be developed to assess the regional development opportunities both at the regional and national levels. Studies at the regional level will not be considered in a different context from the implementation system of the Plan and regional plans will be used as tools in the evaluation of projects at the national level. Special plans will also be prepared for the various regions outside the Plan.

b. Regional resources will be determined in co-operation with the public and private sector institutions. Ways to exploit these resources will be sought and the relationship among various activities and projects will be examined. The potential development fields which weigh heavily on the economic and social development of the region and which can lead the development efforts will be determined. In accordance with the Plan, suitable conditions will be prepared for present and future economic and social activities.

c. Regional planning studies are of such character as to require extensive team-work as well as close co-operation between the various state organisations and the private sector establishments in the region. This co-operation will be maintained at all levels and the State Planning Organisation will have the task of directing and co-ordinating this work both at the national and regional level. The above mentioned studies will take the form of projects to be completed within a short period of time so that their implementation can be accelerated.

d. The State Planning Organisation will develop regional planning techniques and methods and will maintain the necessary co-operation. The choice of the regions to be studied will be made in the annual programmes. Regional studies will be initiated after the necessary information is gathered and the quality, scope and method of the work to be delegated to the related institutions is determined.

Regional studies will be conducted by the related institutions with the support of the State Planning Organisation. Results will be evaluated at the national planning level. Developments in the regions where projects are completed will be followed closely.

e. The institutions that will participate in the regional planning studies will appropriate the necessary funds from their budgets and will assign the technical personnel required by the studies.

Instead of establishing new public organisations, private agencies and technical offices will be employed for research projects that cannot be prepared by the participating institutions.

HOUSING

1. OBJECTIVES

a. Under long-range programmes, housing will be built in the quality and quantity necessitated by the attainment of a higher standard of living in Turkey.

b. To assure the construction of as many housing units as possible, efforts will be directed towards building utility housing in conformity with the conditions in Turkey. This will be achieved without increasing the ratio of housing investment to total investment as envisaged in the Second Plan. Taking into account the considerable savings arising from mass construction, efforts will be made to promote large-scale housing construction instead of separate housing units. The construction of luxury housing will be limited and public housing units above social standards will not be permitted.

c. The construction of housing units that can meet the requirements of various income groups will be undertaken, especially through co-operatives and large-scale construction. Due to the social characteristics of housing construction, priority will be given to the low income groups. The credit policy will be adjusted accordingly.

d. Financial resources will be increased by utilising small savings that are not directed towards productive investments. To that end, measures will be taken to organise small savings in such a way as to make their most productive use possible and the relationship between public and private sectors will be reorganised accordingly.

e. The housing problem will be approached from the point of view of the city environment in accordance with the general settlement policy and will be solved by using domestically produced materials and technology.

f. Taking into consideration the rapid growth of the urban population, priority will be given to the use of limited resources for growing cities.

g. The State will play an active role both in the financing and construction of housing. It will regulate the housing market and support people who build their own housing. Those who build or improve their own housing will be supported by limited credits, technical assistance and, when possible, by assistance in the acquisition of land and materials.

h. The problem of Gecekondu (squatter houses) will be approached within the housing sector as a whole. This problem will be solved by giving priority to the prevention of Gecekondu and assisting people who build their own housing. Efforts will be made so that the problem of land ownership in the Gecekondu areas will not be detrimental to the future expansion of cities.

i. To reduce the cost increasing effect of land acquisition and to prevent speculation, public control will be exercised over the expansion areas of cities. Public holdings of land will be increased to build industrial districts, to organise the systematic expansion of cities and to meet the requirements of public organisations. Public land will be sold through a single organisation in such a way as to support inexpensive housing construction.

2. SITUATION

a. DEFINITION OF THE PROBLEM

Housing is an important economic and social problem of society. In meeting this important demand, the State also has responsibilities as prescribed by the Constitution.

In fact, housing will be the most important aspect of rapid urbanisation in Turkey. Therefore, housing cannot be considered merely as a dwelling problem—it is also a yardstick for civilisation. The home as the centre of family life has a direct influence over it and the satisfaction of housing requirements accelerates economic and cultural development. This acceleration, in turn, influences the quality and quantity of housing requirements.

The excessive price of housing units which necessitates availability of credit both for constructors and buyers, its social implications and the assistance needed by the low income groups, makes it essential for the State to intervene in the housing field. Under the mixed economy system the State can play an active role in the housing field if it supplies inexpensive housing units, takes corrective measures, provides credit to sellers and buyers, programmes housing construction, prepares settlement plans and undertakes infrastructure investments.

b. DEVELOPMENT TRENDS

(1) Introduction

As a result of the rapid growth of population and urbanisation after the Second World War, the housing problem gained importance in Turkey. The difficulty of finding inexpensive housing resulted in the mushrooming of Gecekondu around cities. This situation created enormous problems in cities as well as important economic and social imbalances.

The housing sector was studied for the first time as a whole in the First Plan. A large number of measures have been taken to solve the housing problem in accordance with the housing policies. Some of the measures could not be implemented and some were only partiallv implemented. Co-ordination could not established and resistance from various groups had a negative effect on implementation.

(2) Number of Housing Units

(a) In cities

Table 132 shows the growth of the number of housing units in cities with a population of over 10,000.

TABLE 132 — Number of Housing Units in Cities with a Population of Over 10,000 (1955 - 67)

Year	City Population (1)	Family Size (Persons) (2)	Total Number of Housing Units (3)	Number of Gecekondu (Estimate) (4)	Number of Normal Urban Housing Units (5)
1955	5,324,397	5.09	1,050,000	50,000	1,000,000
1960	7,307,816	5.07	1,440,000	240,000	1,200,000
1965	9,395,159	5.00	1,880,000	430,000	1,450,000
1967	10,437,233	5.00	2,100,000	450,000	1,650,000

Source : State Planning Organisation

The average occupancy per room in cities declined from 2.17 persons in 1955 to 2.05 in 1965. This indicates a more intensive occupancy as compared to the standards of western countries.

The room situation in urban dwellings according to the 1965 population census is shown in Table 133. The average number of rooms per housing unit is 2.43.

TABLE 133 — Urban Dwellings According to the Number of Rooms (1965)

Number of Rooms	Percentage of the Total Number of Dwelling Units (1)	Number of Dwelling Units (2)	Total Number of Rooms (3)
1	23.99	450,780	450,780
2	37.05	696,181	1,392,362
3	21.32	400,610	1,201,830
4	11.13	209,136	836,544
5	3.64	68,397	341,985
6	1.74	32,695	196,170
7	0.53	9,959	69,713
8 and Over	0.60	11,274	90,192
Total	**100.0**	**1,897,032**	**4,579,576**

Source : State Planning Organisation

The living conditions are good in 41 per cent of the urban dwellings, reasonably good in 33 per cent and poor in 26 per cent; 27 per cent of the dwellings have no kitchen, 7 per cent no toilet, 49 per cent no bath, 26 per cent no electricity and 45 per cent no running water.

These figures indicate the scope of the housing problem in Turkey. In addition to the construction of new dwellings, the improvement of old ones gains importance. If the necessary attention is not paid to maintenance, repair and modernisation, which can be accomplished with the minimum amount of investment, the substitution of uninhabitable dwellings by new ones will absorb a considerable part of the newly constructed housing units.

The improvement of dwelling conditions is largely dependent on expansion of the infrastructure in cities.

Table 134 shows the average size, cost per unit and cost per square metre of urban dwellings for the last ten years, according to the construction permits issued by municipalities.

TABLE 134 — Average Size, Cost per Unit and Cost per Square Meter of Urban Dwellings (1956 - 1966)

Year	Average Size (M²) (1)	Average Cost (TL At Current Prices) (2)	Cost per Square Meter (TL At Current Prices) (3)
1956	88.56	12,070	136
1957	96.17	14,663	152
1958	110.25	19,713	179
1959	94.50	20,617	218
1960	89.59	20,777	232
1961	98.68	23,738	241
1962	105.20	26,752	254
1963	103.04	26,676	259
1964	100.07	25,790	258
1965	99.39	26,036	262
1966	98.94	27,362	276

Source : State Statistical Institute

The average size of housing units is larger in big cities. While the average size of urban dwellings in Turkey has been around 100 square metres for the last five years, in 1965 it was 112.2 square metres in İstanbul and 122 square metres in Ankara.

The ratio of those renting housing increased from 36 per cent in 1955 to 42 per cent in 1960. This rate continues to increase as a result of urbanisation. This indicates that the tendency to construct housing for rental purposes continues under the influence of social security and investment habits.

The ratio of those living in rental housing is greater in large cities. In 1960 while this ratio was 42 per cent in Turkey, it was 61.4 per cent in İstanbul and 62.4 per cent in Ankara.

On the average, 13.4 per cent of the total family income in Turkey is spent for rent. This rate is high as compared to western countries. For those who receive salaries, the average rate of income spent on rent is 20 per cent and for those who make less than TL 400 a month it is evident, therefore, that families spend a large part of their income on rent and are obliged to live under poor housing conditions. Rent is a heavy burden for the medium and low income groups.

In 1960 there were about 240,000 Gecekondu in Turkey and 13.5 per cent of the urban population lived in these dwellings. The number of Gecekondu increased to 430,000 in the 1960 - 65 period. The number of urban population living in these houses increased to 2,365,000, representing 21.8 per cent of the total urban population. It is estimated that the number of Gecekondu will reach 450,000 by the end of 1967.

(b) In Villages

According to the 1965 population census, there were 3,685,684 housing units in communities with a population of less than 10,000. The average family size in villages declined from 6.02 persons in 1960 to 5.97 persons in 1965. During the same period the average occupancy per room remained at 2.7 persons. The average number of rooms per rural housing unit is 2.24. The total number of rural dwellings according to the number of rooms is shown in Table 135.

TABLE 135 — Dwellings According to the Number of Rooms in Communities with a Population of Less Than 5,000 (1963)

Number of Rooms	Number of Dwelling Units	Percentage of Dwelling Units
1	795,764	22.76
2	1,244,981	35.62
3	759,814	21.74
4	441,171	12.62
5	124,591	3.56
6	81,627	2.34
7 and Over	47,399	1.36
Total	**3,495,347**	**100.00**

Source : State Statistical Institute

Of the village dwellings 55.8 per cent are in good condition, 27.4 per cent are repairable and 16.8 per cent are in poor condition; 79.7 per cent of these houses have no kitchen and 26.8 per cent have no toilet. Those having electricity and running water amount to only 3 per cent. The ratio of rented village dwellings increased from 4 per cent in 1960 to 6 per cent in 1965.

(3) Developments in Housing Construction

Developments in the construction of city dwellings in Turkey are shown in Table 136, according to the construction permits issued by municipalities.

TABLE 136 — Housing Construction in Cities

Year	Total Number of Dwelling Units	Chain Index
1956	53,402	100
1957	52,615	97.1
1958	58,032	107
1959	51,091	94.2
1960	56,227	103.7
1961	52,760	93.8
1962	58,748	111.4
1963	57,286	97.5
1964	60,754	106.1
1965	80,461	132.4
1966	91,138	113.3

Source : State Statistical Institute

As can be observed, housing construction showed a large increase in 1965. It is estimated that the trend will continue and reach 103,000 units in 1967.

The housing construction in villages and small administrative districts is not known. Table 137 shows the net increase in the number of dwellings calculated on the basis of population growth and the average family size.

TABLE 137 — Net Annual Increase in Village Dwellings

Year	Net Increase
1961	55,150
1962	55,670
1963	56,170
1964	56,590
1965	57,790

Source : State Planning Organisation

(4) Development of Housing Investment

Trends in housing investment during the 1963 - 1966 period are shown in Tables 138 and 139.

TABLE 138 — Housing Investment (1963 - 1966) (At Current Prices)

Year	GNP (TL. Million) (1)	Total Investment (TL. Million) (2)	Housing Investment (TL. Million) (3)	Total Investment (As Percentage of GNP) (4)	Realisation at Current Prices: Housing Investment (As Percentage of Total Investment) (5)	Realisation at Current Prices: Housing Investment (As Percentage of GNP) (6)
1963	63 253	10 140	2 453	16.03	24.19	3.88
1964	68 035	10 510	2 303	15.45	21.91	3.38
1965	73 127	11 950	2 626	16.34	21.97	3.59
1966 (Est.)	82 219	14 800	3 024	18.00	20.43	3.68

Source : State Planning Organisation

TABLE 139 - Distribution of Housing Investment Between the Public and Private Sectors (Million TL) (At Current Prices)

Year	Private (1)	Percentage (2)	Public (3)	Percentage (4)	Total (5)
1963	2 160	88.1	293	11.9	2 453
1964	2 100	91.2	203	8.8	2 303
1965	2 500	95.2	126	4.8	2 656

Source : State Planning Organisation

As can be observed, public housing investment declined considerably both in absolute amounts and in percentage. The main reason for this is that measures to limit private sector investments have not been effective. Therefore, public housing investments have been intentionally reduced in order to bring the total down. This has limited the public sector's role in the housing field.

(5) Problems

The growth of the urban population in Turkey is between 5 to 6 per cent per year. During the 1940-1960 period, the rural population increased by 17.6 per cent while the growth of the urban population reached 82.4 per cent. The annual average growth of the urban population during the Second Plan period is estimated at 6.6 per cent. In 1966 half of the urban population lived in nine cities with a population of over 100,000 and one-third lived in 27 cities with a population between 50,000-100,000. Such a trend in the growth of the urban population creates a rapidly increasing housing demand, especially in the large cities, and makes solution of the housing problem more difficult. Housing problems encountered by the migration of people from villages to cities is of special importance. The fact that the housing demand of migrants and low income families in cities cannot be met according to supply and demand within the market mechanism results in a housing shortage and construction of Gecekondu. Housing supply is presently directed towards meeting the demand of higher income groups.

The situation continues to be serious since financial resources are not channeled into the construction of utility housing. There is a lack of organisation to divert resources from the construction of Gecekondu into utility housing, and establishments that can supply inexpensive houses are non-existent. Institutions that can assume responsibility in this field have not shown initiative. Furthermore, construction regulations and their supervision, which play a great role in housing construction, are insufficient for implementation of the housing policy. Projects are not usually prepared by competent technicians. No development has taken place in constructing utility housing and conducting technical research to reduce costs.

The public sector does not possess sufficient land to influence the housing policy. The existing public land is sold without preventing land speculation. Investment in land continues to be profitable. A land-office to organise the sale of public land centrally has not been established. Public control over the growth areas of cities has not been realised.

Holding vacant land in urban centres and the sale of city-land for cash instead of renting and leasing these lots raises the cost of land in housing investments. The land utilisation rate in construction plans is low and there is substantial waste. The public sector is not taking full advantage of the increase in land values resulting from public investment.

Because there is no long-term infrastructure plan for the housing programme, the effect of infrastructure on the cost of urbanisation is great. One of the reasons that infrastructure is expensive is that many individual houses are built.

Large agencies and construction companies have not been established to take advantage of large scale construction. The credit mechanism is not conducive for the operation of such establishments in the housing field. A system of constructing and selling on a small scale, which is not consistent with the housing policy, has emerged. The credit institutions have not put emphasis on the construction of utility housing units and on selling them on credit to those in need. Mass housing construction has not been developed and, therefore, the problem of rental housing suitable for the income of the low income groups, has not been solved.

Participation in the cost of housing investment is deemed mandatory under the present credit mechanism. This reduces the credit available for the low income groups. The activities of the housing co-operatives have not been consistent with the housing policy and small savings which could have been channelled into housing investment have not been utilised. The Real Estate and Credit Bank has not been effective in the implementation of the housing policy.

In spite of some positive developments during the First Plan period, research on housing is still insufficient. The establishment of a "Construction Research Institute" and co-ordination among the related agencies, could not be realised. Since policies to be implemented are related to a large extent to the activities of the private sector, it is essential that the public becomes fully aware of the housing policy.

(6) Gecekondu

The policy for Gecekondu in the First Plan had the objective of preventing, improving and eliminating such dwellings, but it could not be implemented due to the failure to establish an effective mechanism. The lack of control made Gecekondu housing a profitable field. The proportion of rental for such houses varies from 30 to 60 per cent according to various regions. The "Gecekondu Law" passed in 1966 did not solve the problem.

The method of assisting those who build their own houses in the Gecekondu areas and villages has not been successful. The implementation of this method of building in the disaster areas has been limited to financial assistance and has, therefore, failed to yield good results. Pilot village housing programmes have been an experiment in village renovation with no demonstrable effect.

3. REQUIREMENTS AND DEMAND

a. HOUSING REQUIREMENTS

(1) In Cities

Housing requirements resulting from demographic changes during the Second Plan period in cities with a population of over 10,000 are shown in Table 140.

TABLE 140 — Housing Requirements Resulting From Demographic Changes (Cities With a Population of Over 10,000)

Years	Population of Cities Over 10,000 (1)	Net Annual Population Increase (2)	Average Family Size (Persons) (3)	Housing Requirements (Units) (4)
1968	11,000,843	563,610	5.00	112,722
1969	11,726,898	726,055	4.99	145,502
1970	12,500,873	773,975	4.98	155,417
1971	13,325,931	825,058	4.97	166,008
1972	14,205,442	879,511	4.96	177,321
Total				**756,970**

Source : State Planning Organisation

An annual construction of 45,000, 22,500 and 15,000 housing units would be required to eliminate the number of Gecekondu existing in 1968 in 10, 20 or 30 years, respectively.

In order to improve one half of the existing Gecekondu and to eliminate the remaining in 10, 20 or 30 years, an annual construction of 22,500, 11,250, and 7,500 housing units, respectively, would be required.

The additional housing requirement resulting from renovation will be 24,000 units a year and that resulting from disasters and expropriation will be 4,000 units a year. During the Plan period it will be necessary to construct 10,200 housing units annually in order to lower the average occupancy per room to two persons.

Estimates of housing requirements based on the above stated data are shown in Table 141.

TABLE 141 — Estimated Urban Housing Requirements Based on the Assumption That One-Half of the Gecekondu Will Be Improved and the Other Half Removed in 30 Years and That One-half of the Demand Resulting From Renovation and Elimination of Overcrowding Will Be Met (1968 - 1972)

Year	Population Increase (1)	Removal of Gecekondu (2)	Renovation (3)	Disasters and Expropriation (4)	Elimination of Over-Crowding (5)	Total Requirement (6)
1968	112,800	7,500	12,000	4,000	5,100	141,400
1969	145,500	7,500	12,000	4,000	5,100	174,100
1970	155,400	7,500	12,000	4,000	5,100	184,000
1971	166,000	7,500	12,000	4,000	5,100	194,600
1972	177,300	7,500	12,000	4,000	5,100	203,900
Total	**757,000**	**37,500**	**60,000**	**20,000**	**25,500**	**900,000**

Source : State Planning Organisation

(2) In Villages

Based on the estimate that the rural population will increase by 1,332,000 and the average family size will be 5.97 persons during the Second Plan period, the rural housing requirement resulting from demographic changes will be 44,600 units per year. With the requirement resulting from disasters and renovation the total village housing requirement will be 60,000 units per year.

b. COMPOSITION OF DEMAND

If it can be assumed that the total urban housing requirement of 900,000 units will be met during the Second Plan period, estimates of the distribution of housing units according to the number of rooms are as shown in Table 142.

TABLE 142 — Distribution of Housing Units According to the Number of Rooms to be Constructed During the Second Five-Year Plan Period (1968 - 1972)

Number of Rooms	Percentage of Housing Units	Number of Housing Units	Total Number of Rooms
1	23.99	215,910	215,910
2	37.05	333,450	666,900
3	21.32	191,880	575,640
4	11.13	100,170	400,680
5	3.64	32,760	163,800
6	1.74	15,660	93,960
7	0.53	4,770	33,390
8 and more	0.60	5,400	43,200
Total	**100.00**	**900,000**	**2,193,480**

Source : State Planning Organisation

An investigation of the savings of the various income groups that can be directed towards housing construction shows that if small savings can be pooled and utilised fully within the housing sector, the effective demand for housing will be around TL 20 billion during the Second Plan period. This estimate is based on the assumption that the system to utilise small savings will be operational from the beginning of the Plan period. Therefore, after examining the present trends, it is estimated that the effective demand for housing will be around TL 17 billion. Additional demand should be met through public investment.

4. COMPARISON OF SUPPLY AND DEMAND

As mentioned above, the urban housing requirement during the Second Plan period will be 900,000 units. In view of an increase in the standard of living, if the present level of the average housing cost remains constant, it will be necessary to invest TL 24.3 million and TL 25.5 million, respectively, to meet the urban and total housing requirements. Both the structure of the housing sector and the conditions of the national economy require that the total housing investment be limited to TL 20 billion during the Second Plan period. In order to meet the housing demand with this amount of investment, it will be necessary to lower the average urban housing cost by 18 per cent from TL 27,000 to TL 22,000 per unit. Attainment of this goal will require that, in addition to the organisational and technical measures to lower the construction cost, the average size of urban dwellings which is now 100 square metres should be reduced. There is a discrepancy between supply and demand in quantity as well as in quality. It will be necessary to provide assistance to families according to their size and income in order to construct houses according to the needs of various income groups. In addition, the State will have to enter the housing market by building utility housing units.

5. INVESTMENT

The total housing investment will be TL 20 billion during the Second Plan period. This represents a 50 per cent increase over the First Plan investment. From the total investment of TL 20 billion, TL 18.8 billion will be invested in urban housing and TL 1.2 billion in rural housing

The distribution of housing investment by year during the Second Plan period is shown in Table 143.

TABLE 143 — Total Housing Investment (At 1965 Prices)

Year	TL Million
1968	3 200
1969	3 800
1970	4 100
1971	4 300
1972	4 600
Total	**20 000**

Source : State Planning Organisation

6. IMPLEMENTATION POLICIES

a. ORGANISATION

(1) Housing credit institutions will be reorganised in such a way as to bring about a central utilisation of their resources. In addition to the Real Estate Credit Bank and the Social Insurance Organisation, the Pension Fund will be given the organisational set-up required to extend housing credit. In distributing housing credits, priority will be given to those people with limited savings capacity. Furthermore, the necessary structural changes will be made in the credit institutions so that they can effectively pool and utilise small savings in housing construction. To improve conditions and to prevent the construction of Gecekondu, credits to purchase construction material will also be extended.

(2) Housing co-operatives will be brought under the supervision of the Ministry of Construction and Resettlement with a new regulation so that they can achieve the necessary status and be organised among themselves. Efforts will be made to encourage housing co-operatives to become large-scale housing organisations by increasing the minimum number of their members as well as the duration of their activities.

(3) Housing credits will be used to support large-scale construction. Short-term and low interest rate credits will be supplied to establishments

that are engaged in mass construction and their activities will also be supported by facilitating land acquisition. The standards and prices of these housing units will be controlled.

(4) Large-scale housing construction will be supported in such a way as to realise the gradual completion of neighboring dwelling units. Public funds will be used to raise these units to a certain stage of development, to develop suitable housing standards for the low income groups, to experiment with new equipment and techniques and to establish certain standards within communities. Thus, the new environment will support the activities of private establishments.

(5) The draft Housing Law, on which the housing policy is to be based, will be improved according to the principles and policies of the Second Plan and efforts will be made to pass this law as soon as possible. The Ministry of Construction and Resettlement will be reorganised according to the requirements of the housing and settlement policies.

(6) The Law for Gecekondu will be changed so as to remove its contradictions with the draft Housing Law. The problem of Gecekondu will be solved by determining areas where their construction will be prevented, by providing the necessary infrastructure and by supporting people who build their own houses. The construction of housing units that meet the sanitary requirements will be realised by providing credits, equipment, technical assistance and inexpensive land from public sources.

b. LAND AND RESETTLEMENT

(1) Care will be taken not to sell publicly owned lands. Unsystematic settlement and land speculation will be prevented, in particular by exercising public control over construction lots in the expansion areas of cities.

(2) The public sector will benefit from the increase in land and building values resulting from public investment. The holding of vacant lands in cities will be prevented by levying additional taxes.

(3) A "Land Office" will be established. This office will give priority to the rapidly expanding urban centres. Measures will be taken to make the office financially self-sufficient.

(4) In making infrastructure investments, environmental changes and increases in housing density will be taken into consideration in a long-time perspective so that these investments will not be insufficient before the end of their useful life.

(5) Infrastructure investments will be used as a means of stimulating and directing the city-expansion areas as suitable. To assure systematic expansion of large cities, infrastructure investments will be undertaken by the public sector and the creation of new dwelling areas will be stimulated through limited credit facilities.

(6) City plans will be completed in accordance with the resettlement and housing policies of the Second Plan. Priority will be given

to large cities. The construction regulations and the control system will be changed. Efforts will be made to assure that settlements and buildings in and around cities and developments in the Gecekondu prevention areas will be consistent with construction plans.

c. FINANCING

(1) Tax measures will be introduced to discourage the construction of luxury housing by the high income groups who can direct their savings into productive investment fields. Tax and credit systems will be used to reduce the average area of housing units. Credits will be based on family size and income.

(2) The public sector will assist the housing sector by supporting those people who build their own housing in the Gecekondu prevention areas, and in special circumstances by building housing units and houses for State employees in the less developed regions.

To maintain the present housing units in good condition, credits for repair, alteration and renovation will also be extended. Public sector houses will be under continuous control in order to maintain their quality.

d. RENT

In order not to disturb the demand and supply equilibrium in the housing market, rents will not be frozen. To make rents and incomes proportionate and to meet the demand of the low income groups for inexpensive houses, the activities of various organisations will be supported.

e. CONSTRUCTION MATERIAL

(1) To prevent the loss resulting from the low quality of construction material as well as the construction of poor quality housing units, the preparation of standards for construction materials will be accelerated and quality control will be introduced. Inexpensive and good quality materials will be used in public construction in order to stimulate their production.

(2) It is essential to improve production techniques in order to have inexpensive and good quality construction materials. To that end, a "model co-ordination" study will be completed at the national level.

f. EMPLOYMENT, MANPOWER AND EDUCATION

(1) Taking into account the fact that the construction sector creates employment opportunities and absorbs some of the seasonally unemployed workers, the employment of labour intensive techniques will be continued.

Technological changes will be oriented towards efficiency and standardisation. The construction of prefabricated houses will not be undertaken unless necessary.

(2) As a result of the present construction techniques a large number of unskilled workers are employed in construction activities. But good quality housing construction requires skilled labour. Therefore, without abandoning the present technological methods, efforts will be made to train construction workers through extensive training programmes and the employment of unqualified foremen will be prevented.

g. RESEARCH AND PUBLICITY

(1) By co-ordinating the activities of various organisations, housing statistics, standards, marketing analysis and technological research will be improved and increased. A "Housing Research Institute" will be established.

(2) The means of mass communication and demonstration will be used to create an environment conducive to the solution of housing problems and the realisation of housing goals.

SECTION IX

GENERAL ASPECTS OF SECTORAL DEVELOPMENT

1. METHOD

a. OBJECTIVES OF SECTORAL STUDIES

The Second Five-Year Plan studies at the sectoral level have been consistently organised and implemented by taking into consideration two objectives :

(1) Sectoral studies have been drawn up to determine the economic and social objectives of the Plan within the framework of the needs of the various sectors, and these studies have been used during preparation of the Plan strategy.

(2) The preparation of five-year development plans for about 30 sectors has been taken as a basis for reaching the economic and social goals of the plan in the given time. Sectoral programmes are considered as fundamental implementation tools for a consistent long-term planned development.

The above mentioned sectoral studies are carried out in the following manner : (1) individual sectoral research, (2) preparation and evaluation of projects, and (3) studies for consistency and inter-sectoral analyses.

b. INDIVIDUAL SECTORAL STUDIES

The separate analyses of various sectors and their subdivisions to determine their possibilities for development were carried out by special expert commissions and sector research groups established within the structure of the State Planning Organisation. The first objective that these study groups have undertaken is the preparation of detailed inventories of the capacity, imports, exports and stocks of the present sectoral establishments with respect to production inputs and investments. Efforts were also made to determine the distribution of production and use of inputs realised in 1963 in order to control the results of the 1963 industrial census and to obtain information for the preparation of the 1963 input-output tables.

After determining the inventories, the emphasis of the efforts was put or the preparation of demand estimates and research for domestic production and investment possibilities.

In the demand estimates, 1972 and 1977 were taken as targets and the values for each year for the period 1967 - 1972 were calculated. Revised national income and population projections were given to the study groups as additional information for calculating final demand. The developments of the First Plan period and new market opportunities were evaluated for foreign demand estimates. The demand for the basic goods of the sectors was, in general, estimated in physical quantities. In the inter-sectoral demand research, the development targets of other sectors and technological developments were taken into consideration. The inter-sectoral demand estimates were controlled and the required changes were made at the consistency phase of the studies.

After preparation of demand projections, the possibilities for meeting this demand from domestic production or from imports were compared. At this time, the use of present capacity with respect to basic goods, domestic raw material possibilities, the latest technological developments and minimum economic capacity levels were analysed and production and investment programmes for the 1968 - 1972 period were prepared. The amount of imports to bring the supply and demand of the basic commodity groups to equilibrium were separately determined. In addition, the measures to eliminate bottlenecks and increase productivity were identified.

The length of the programmes drawn up for the sectors which have long investment maturity periods (electricity, communication, coal, iron-steel, etc.) will be longer than the Second Plan period.

c. THE PREPARATION OF PROJECTS AND THEIR EVALUATION

In determining the capacity and production increments for preparing sectoral programmes, specific large-scale definite projects were taken into consideration. A large programme was initiated for evaluating all the projects expected to be implemented during the Second Plan period in the public sector, and thus a long list of projects was prepared. A large portion of the required information for the investment figures made in a macro framework was obtained from the anticipated projects and the projects that were started in the First Plan period.

During the Second Plan period, great importance and weight will be given to activities concerning the preparation of projects and their evaluation. In particular the priorities and timing programmes of the public sector will be determined within the framework of projections for several years of various investment sources and possibilities. The interrelationship between the projects will be taken into consideration and the economic and technological characteristics will be evaluated before the projects mature to their final form. The required exchange of information and co-ordination will be provided between the establishments preparing projects. Apart from this, research to determine the location of the important projects that will provide the basic goods and services required by the economy, will be undertaken by the State Planning Organisation with the assistance of the related establishments.

d. CONSISTENCY STUDIES AND INTER-SECTORAL ANALYSES

The consistency studies of the Second Plan were carried out in two major parts. In the first part, at the macro level, efforts were made to balance:

(1) Resources and expenditures,

(2) Investments and savings,

(3) Public income and expenditures, and

(4) The current account in the balance of payments for every year in the Second Plan period.

In the second part, however, individual sector and project research were collected together in an analytical model, including the inter-sectoral relationships and consistency of sectoral production and imports with investment targets, and various demand estimates and macro sizes were provided. In the consistency studies, the 7 per cent growth rate of the Second Plan strategy was accepted as given.

As mentioned above, the consistency studies were carried out in two separate parts. A relationship between these two parts was established by means of the capital-output ratio and export-import projections, and the consistency of all the fundamental aspects of the Plan were provided. In the macro balances reached after accepting the Second Plan strategy, it was assumed that the capital-output ratio would be 3.25 (excluding stocks). Analysing the production and investment targets that have been proposed in several sectoral programmes as a whole, it is believed that a figure of around 3.25 for the capital output ratio to be realised between 1968 - 1972 is a reliable estimate.

The exports and invisible items projections of the balance of payments were evaluated by two different study groups. The first group analysed the domestic production possibilities that could be directed to exports, whereas the second group concentrated its analyses on the situation of foreign markets and anticipated developments. The results of these two studies were combined and thus the export targets of the sectors and the demand for invisible items, such as income derived from workers and tourism, were determined.

After determining the capital-output ratio and exports and invisible item projections, the next step was the determination of foreign savings requirements, in a consistent framework with domestic savings possibilities and import projections. As a result of the detailed studies made in the fields of domestic savings and balance of payments, it was understood that the ratio of foreign savings to GNP could be reduced from 2 per cent in 1967 to 1.7 per cent in 1972. Thus, foreign savings projections were determined and the amount of total imports during the Second Plan period, within the framework of the current account in the balance of payments, was decided. After this procedure, weight was given to the second part of the consistency studies and the consistency of the sectoral import, production and investment targets were controlled both among themselves and in a macro framework.

The inter-sectoral analyses were carried out in the framework of a static input-output model. Apart from this, partial equilibriums were established between definite sectors (agriculture-food, fertilizer, metal products-metallurgy, industry-electricity, chemical sector-textiles, communication-transportation, etc.). The input-output model was solved according to different alternatives for 1967 and 1972, the base year and final year of the Second Plan, and the results of these solutions were compared with individual sector research projections and the required adjustments were made.

The starting point of the input-output studies was the evaluation of the 1963 input-output scale and it was determined that there would be differences in 1967 and 1972 in the technological structure (input coefficients) determined for 1963 for each sector. The anticipated changes in the technological structure were estimated through the help of the various sectoral and project studies.

The total final demand was analysed in the following six separate groups: private consumption, public consumption, investments, exports, imports, and increases in stocks, and their estimates were made. Imports were not divided as competitive and non-competitive, but were determined exogenously in model solutions for each sector.

2. SUMMARY OF THE RESULTS

a. GENERAL

Sectoral targets and estimates were determined in a manner consistent with the macro framework of the Plan, as a result of the studies carried out by the method and approach indicated above. The results are given as detailed tables in the part of the Plan related to sectors. In these tables, demand, import, and production projections are not given separately for each year of the Second Plan period, but only the values for 1967 and 1972 are shown. Demand estimates for the other years of the Plan will be shown in the annual programmes. However, in order to permit the project timing programmes of the establishments making investments in the public sector to be prepared, the ceilings of the investment quotas that will be channelled into these fields are indicated.

All the import estimates in the tables are shown in 1965 "CIF" prices. In the calculation of supply and demand figures for the basic commodities, physical quantities were accepted as a base. Apart from this, in the equilibria made on values, all figures, including imports, were reduced to the base value at 1965 production prices.

b. DEVELOPMENT RATES IN THE SECTORS

The development rates that will be attained during the Second Plan period in the main sectors are shown in Table 144. In the same table these development rates are also compared with the development rates realised in the First Plan period. The values shown in Table 144 and the values shown in the value added tables of the sector programmes include indirect taxes and depreciation allowances.

TABLE 144 — The Value-Added Increment Rates in the Main Sectors

(Million TL)
(At 1965 Market Prices)

	1962 (1)	1967 (2)	1972 (3)	1967 Index 1962 = 100 (4)	1962 - 1967 Annual Growth Rate (%) (5)	Index 1967 = 100 1972 (6)	1967 - 1972 Annual Growth Rate (%) (7)
1. Agriculture	22.5	25.9	31.8	115.1	3.0	122.8	4.2
2. Industry	14.1	21.6	36.6	153.2	8.9	169.4	11.1
3. Construction	3.1	4.5	6.5	145.2	7.8	144.4	7.6
4. Communication	4.4	6.3	8.9	143.2	7.4	141.3	7.2
5. Housing	2.6	3.8	5.1	146.2	7.9	134.2	6.1
6. Others	15.5	22.4	29.8	144.5	7.6	133.0	5.0
Gross Domestic Income	62.2	84.5	118.7	135.9	6.3	140.5	7.1
7. Income from Abroad	— 0.3	0.6	0.7	300.0	24.6	116.7	3.5
Gross National Product	61.9	85.1	119.4	137.5	6.6	140.3	7.0

The leading sector of the Second Plan period will be industry with an average development rate of 11.1 per cent. The factors that will enable the rapid development of industrial production are the rapid increase in demand, the domestic raw material availabilities, and the investment opportunities for which extensive project preparation has been made. The fast utilisation of these factors depends on taking the required organisational measures and on the utilisation of modern production technologies suitable to the conditions of Turkey. Rapid industrialisation will provide to the Turkish nation and economy the opportunity to eliminate its traditional domestic structure and will have important employment and foreign trade effects.

The anticipated development in Turkey is shown in Table 145 according to the integration of the manufacturing industry, metal products industry and power sectors. The production of power will be increased at the high rate of 13.2 per cent to meet the demand created by rapid industrialisation and urbanisation. The anticipated rapid development in the metal products industry depends largely on the utilisation during the Second Plan period of investment opportunities that were neglected in the First Plan period.

TABLE 145 — Composition of the Development in the Industrial Sector

(Million TL)
(At 1965 Prices)

	Production (1)			Value Added (2)		
	1967	1972	Annual Increase (%)	1967	1972	Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Manufacturing Industry	49 444	80 355	10.2	19 270	32 500	11.1
Metal Products	1 830	3 124	11.3	1 400	2 350	10.9
Power	1 722	3 193	13.2	930	1 750	13.6
Electricity	1 320	2 500	13.6	800	1 540	14.0
Coke-gas (Excluding Metallurgical Coke)	402	693	11.5	130	210	10.5
Total	**52 996**	**86 672**	**10.3**	**21 600**	**36 600**	**11.1**

(1) 1965 producer prices

(2) Including indirect taxes and depreciation

During the Second Plan period an increase of TL 34.3 billion in GNP is anticipated. Of this increase, 38.6 per cent will be met by production increases in the manufacturing industry. Great weight is given to the sub-divisions that produce intermediate or investment goods in the development of the manufacturing industry.

The anticipated 4.2 per cent development target for agriculture will largely depend on the amount of increase in productivity. The developments encountered in the use of fertilizers and high quality seeds in recent years and the increased means of irrigation are good indicators of the potential of technological advances. In the determination of agricultural output targets the principle will be to meet the foodstuff demand, which increases rapidly due to the rise in population and income, by domestic production.

The anticipated production increments in the sectors other than agriculture and industry were determined so as to enable balanced growth.

Table 146 shows the estimated changes that will take place in the structure of the economy during the First and Second Plan periods. The relative share of agriculture in GNP decreases whereas the share of industry rapidly increases. The changes in this direction create opportunities for the Turkish economy to develop in a more stable manner and independently from weather conditions.

TABLE 146 — Relative Share of the Sectors in GNP (1)

(%)

	1962 (1)	1967 (2)	1972 (3)
1. Agriculture	36.4	30.4	26.6
2. Industry	22.8	25.5	30.7
3. Construction	5.0	5.3	5.4
4. Communication	7.1	7.4	7.5
5. Housing	4.2	4.5	4.3
6. Others	25.0	26.2	24.9
7. Income from Abroad	—0.5	0.7	0.6
Total	**100.0**	**100.0**	**100.0**

(1) Value added shares at market prices

c. DISTRIBUTION OF INVESTMENT

In order to attain a 7 per cent increase in GNP during the Second Plan period and to provide the anticipated development in the various sectors, it is calculated that TL 11.5 billion of investment should be made excluding stocks. The distribution of this amount among the main sectors is shown in Table 147. Moreover, these investments are compared with investments realised in 1963, 1964 and 1965 of the First Plan period, and those anticipated in the 1966 and 1967 annual programmes.

TABLE 147 — Distribution of Investment Among Sectors

(Million TL)
(At 1965 Prices)

	1963 - 1967				1968 - 1972	
	Public Sector	Private Sector	Total	(%)	Total	(%)
	(1)	(2)	(3)	(4)	(5)	(6)
Agriculture	6 548	3 466	10 014	15.4	16 900	15.2
Metal Products	2 131	745	2 876	4.4	4 100	3.7
Manufacturing Industry	4 948	7 773	12 721	19.6	25 000	22.4
Power	4 445	263	4 708	7.3	8 900	8.0
Communication	7 391	2 238	9 629	14.8	18 000	16.1
Housing	1 042	12 342	13 384	20.6	20 000	17.9
Education	4 210	64	4 274	6.6	7 500	6.7
Health	1 129	57	1 186	1.8	2 000	1.8
Tourism	617	631	1 248	1.9	2 600	2.3
Other Services	3 851	1 102	4 953	7.6	6 100	5.5
Development Fund	—	—	—	—	400	0.4
Total	**36 312**	**28 681**	**64 993**	**100.0**	**111 500**	**100.0**

The distribution of investment among sectors was a synthesis of the model preparation and the sectoral analyses. In addition to the investments for new capacity to be created during the Second Plan period, the possibility of more productive utilisation of the present capacity, and the investment requirements of the various sectors that would increase output in the long run, were taken into consideration.

Great increases can be observed in the Second Plan investment levels, and the relative distribution of total investment among the various sectors shows important differences when compared to the First Plan investments. Priority is given to the investments of the manufacturing industry, which is foreseen to be the leading sector of the economic development in the long run, and TL 25 billion of investment is programmed for this sector during the Second Plan period; almost twice that of the investment realised in the period 1963 - 1967. One of the reasons for the weight given to the investments of the manufacturing industry during the Second Plan period is that certain large industrial projects were delayed during the First Plan period and were left to the Second Plan period.

First priority in the manufacturing industry investments was given to the sub-divisions which generally produce intermediate goods, namely, chemicals, artificial fertilizers, iron-steel, metals, paper, petroleum, cement, rubber, etc. The large investments in these divisions will provide import substitutes and will serve as the required base for a long-term industrialisation movement. After intermediary goods, the second priority was given to the sub-divisions of machinery and equipment. It is anticipated that the sub-divisions of machinery and equipment will gain first priority during the Third Plan period. The basic establishments enabling the development of these sub-divisions in the long run will be formed during the Second Plan period, and the required technical staff will be trained.

The rise of population and per capita income will increase the consumption level and change its composition. Taking these factors into consideration, the capacity requirements of the sub-divisions which produce consumer goods were determined and weight was given to investments directed to the production of necessary consumer goods such as textiles, foodstuffs and to non-luxury durable consumer goods.

It is anticipated that the increase in output of the manufacturing industry and the developments in the composition of production will play an important role in the increase of exports as well as a change in their structure. For this reason the investment requirements of potential export goods were taken into consideration.

Priority was given to investments in the power sector to support the anticipated developments in the manufacturing industry and to meet the demand brought by rapid urbanisation, and TL 8.9 billion was reserved for this sector. If the large-scale import of natural gas from neighbouring countries is realised, it will be necessary to make some changes in the power investment programmes.

TL 4.1 billion of investment will be made in the metal products industry. TL 2.3 billion of this investment will be directed toward the increase in production and the remaining TL 1.8 billion will be used for the exploration of metals and petroleum. Continuation of the development of the metal products industry in the long-run will be dependent on finding new reserves which can be operated economically.

The follow-up, evaluation and implementation, after adaptation to the conditions of Turkey, of the technological developments in industrial nations is an important subject that should be dealt with systematically. It is necessary to develop industrial research, project preparation and engineering services directed to application. For this purpose it was decided to substantially increase the technological and management research and development activities to promote the growth of the manufacturing industry and to support them through public sources during the Second Plan period. For this purpose in particular, and for the support of other economic and technological development efforts, a "development fund" amounting to TL 400 million will be established from public funds. The procedures for the use of this fund, which is considered to be within the investment expenditures of the State Planning Organisation, will be indicated in the annual programmes.

In the Second Plan period, the relative share of the investment reserved for the agricultural sector in the total investment is not different from that of the First Plan period. The agricultural investment amounts to TL 16.9 billion. The greatest portion, 53 per cent, of this investment will be used for the organisation and development of water resources, and 21.5 per cent will be used for machinery and equipment investments. It will be possible to irrigate an additional 400,000 hectares through the programmed irrigation investments.

The principle will be to complete the large-scale water projects already initiated. At the same time, importance will be given to the development of small-scale water sources and the use of underground water sources, which will enable new areas to be rapidly opened to irrigation. It will also be necessary to support the anticipated investment for research and publication services and for the establishment of marketing organisations through development expenditures.

Weight will be given in the public sector to investments for the prevention of disease and improvements in the animal husbandry sector, and in the forestry sector to planting and to the building of forest roads to open up new forests. In the fishing industry, the required equipment for open sea fishing will be obtained during the Second Plan period.

Investment in the transportation and communications sector gained importance during the Second Plan period and its relative share in total investment rose to 16.1 per cent. The greatest part of the total transportation and communications sector investments, amounting to 67.6 per cent, is earmarked for the highway transportation sub-sector.

The relative share of the housing sector in total investment decreases during the Second Plan period. If the trend towards housing investment is taken into consideration, the importance and priority of taking the measures required to keep the investment at this ratio can be well understood. On the other hand, it is necessary to construct the maximum number of houses with the TL 20 billion of investment reserved for meeting the housing demand. This situtation necessitates a credit and tax policy which will decrease the construction of high standard housing and the realisation of social standard housing.

The purpose of the investment programmes of the education sector is to provide the man-power demanded by the economy at the required time, quantity and quality. The investments have been determined according to definite "per student cost" standards. In addition to this education planning which is directed toward meeting the man-power requirements, investments to provide the opportunity for primary schooling for the whole school-age population by 1972, are foreseen. The education sector considers formal education and extension courses as an integrated whole. Since it is not possible to meet the trained manpower requirements needed for rapid industrialisation through formal education alone, weight is given to in-service training and, in particular, to training in industry. The total investment in the education sector will be TL 7.5 billion.

The investment in the health sector, which amounts to TL 2 billion, has the kind of distribution which foresees expansion and which improves the quality of socialised programmes by taking the services as near as possible to large population settlements. Weight is given to preventive medical care. At the same time, continuation of the development of medical services for the treatment of sick people is planned and the improvement of regional health conditions and various public health programmes is foreseen. Continuation of the family planning programme will be provided at an increased rate and the scope of the social welfare services will be increased according to the social security principles necessitated by a developing society.

TL 2.6 billion of investment is foreseen in the tourism sector. TL 2 billion of this investment will be used for accommodation facilities. Bed capacity will be established looking toward mass tourism and in places with high touristic potential. In particular, the investment for vacation sites with high potential will be supported. Accommodation and infrastructure investments will be projected in the framework of local plans.

In the "Other Services" division, an investment amounting to TL 6.1 billion is foreseen. Priority in this division is given to drinking water projects, with TL 2.7 billion. It is estimated that investment for the commerical services of the private sector will amount to TL 1.8 billion. The sewage systems and fire-brigade investments of the municipalities which will be carried out to meet the local services have been set at TL 890 million. TL 400 million of investment is foreseen in mapping, land registry and cadastre services. The investments for the remaining services include administration buildings and reconstruction plans.

d. IMPORTANT PHYSICAL TARGETS

The important physical targets of the Second Plan are shown in Table 148.

TABLE 148 — Important Physical Targets

	Unit (1)	1962 (2)	1967 (3)	1967 Index 1962 = 100 (4)	1972 (5)	1972 Index 1967 = 100 (6)
Agricultural Sector						
Wheat	Thousand Tons	7,395.0	7,935.0	107.3	9,200.0	115.9
Cotton Fibres	" "	245.0	362.0	147.8	455.0	125.7
Sunflowers	" "	60.0	315.0	525.0	452.0	143.5
Corn	" "	700.0	930.0	132.9	1,760.0	189.2
Meat (Including Chicken)	" "	480.4	544.3	113.3	709,3	130.3
Milk	" "	2,823.0	3,234.0	114.6	4,040.0	125.0
Sea and Inland Water Products	" "	115.0	155.0	134.8	240.0	154.7
Fire - Wood	Thousand Cubic Metres	3,155.0	4,495.0	142.5	7,185.0	159.8
Tree Planting	Thousand Hectares	22.0	33.0	150.0	50.0	151.5
New Fields Open to Irrigation	Thousand Hectares	53.0	81.5	153.8	126.8	155.5
Metal Products and Petroleum						
Copper Ore	Thousand Tons	769.0	1,270.0	165.1	4,070.0	320.4
Iron Ore	" "	813.0	1,800.0	221.4	3,200.0	177.8
Chrome Ore	" "	527.0	525.0	99.6	610.0	116.1
Coal (Coke)	" "	3,893.0	5,000.0	128.4	6,250.0	125.0
Coal (Lignite)	" "	2,979.0	5,600.0	188.0	8,500.0	151.8
Crude Petroleum	" "	595.0	2,400.0	403.4	6,000.0	250.0
Electrical Power						
Power Production	Million Kilowatts	3 559	6 250	175.6	11 850	190
Manufacturing Industry						
Sugar	Thousand Tons	390	620	159.0	860	138.7
Vegetable Oils (Including Margarine)	" "	214	380	177.6	590	155.3
Industrial Fodder	" "	17	77	452.9	151	196.1
Cotton Textiles	Million Metres	530	730	137.7	1.090	149.3
Woollen Textiles	Thousand Metres	21,000	23,500	111.4	28,500	121.2
Timber	Thousand Cubic Metres	1,426	1,900	133.2	2,850	150.0
Kraft Paper and Kraft Liner	Tons	—	—	—	60,000	—
Paper (Total)	"	104,000	122,000	117.3	308,000	252.5
Soda	"	—	—	—	85,000	—
Soda (Caustic)	"	1,973	12,000	608.2	46.000	388
Sulphuric Acid (100 %)	"	22,800	50,000	219.3	1.000.000	2,000

TABLE 148 — (Continued)

	Unit	1962	1967	1967 Index 1962 = 100	1972	1972 Index 1967 = 100
	(1)	(2)	(3)	(4)	(5)	(6)
Nitrogenous Fertilizers	Tons	104,180	160,000	153.6	1,500,000	938
Phosphorous Fertilizers	"	60,430	250,000	413.7	2,430,000	972
Chemical Fertilizers (Total)	"	1,321	1,700	128.7	11,500	676
Synthetic Filaments	"	—	2,700	—	18,500	685
Polyvinylchloride	"	—	—	—	27,000	—
Cement	Thousand Tons	2,323	4,400	189.4	9,670	219.7
Steel Bar Ingots	Thousand Tons	279	980	351.3	1,650	168.3
Blister Copper	Thousand Tons	26	29	111.5	58	200.0
Alumina	Thousand Tons	—	—	—	125	—
Aluminium Billets	Thousand Tons	—	—	—	25	—
Steel Construction	Tons	4,000	12,000	300.0	26,000	216.7
Tractors	Number	2,574	8,000	310.8	15,000	187.5
Harvesting Machines	"	—	50	—	600	1,200.0
Electrical Motors						
Up to 0-2 HP	"	5,000	160,400	32,080.0	246,800	153.8
Up to 2-10 HP	"	500	6,800	1,360.0	13,300	195.6
Telephone Exchanges	Line Quantity	—	4,900	—	47,000	959.1
Transformers (10 - 10,000 KVA)	KVA	100,000	270,000	270.0	827,000	306.3
Trucks and Buses	Number	3,580	9,500	265.4	15,900	167.4
Cars	"	870	6,000	689.7	16,500	275.0
Diesel Locomotives	"	—	—	—	36	—
Educational Targets (1)						
Number of Primary School Students	Thousand	3,407	4,593	134.8	5,836	127.1
Number of General Secondary School Students	"	338	560	165.7	1,331	237.7
Number of High School (Lycée) Students	"	95	151	158.9	360	238.4
Number of Students in Secondary Level Technical and Vocational Schools	"	85.5	105.3	123.2	173.5	164.8
Number of Students in Technical High Schools	"	10.2	26	254.9	65	250.0
Number of Students in General High Schools	"	38.2	88.6	231.9	117.7	132.8

---

(1) Primary school teacher training schools, vocational educational institutes, agriculture, health and technical schools are not included.

AGRICULTURE

GENERAL FEATURES OF AGRICULTURAL DEVELOPMENT

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Agricultural programmes will be directed to reducing the degree of dependence of agricultural production on weather conditions.

(2) The rate of agricultural production will be kept at a level that will provide the maximum support for the realisation of the general targets of the Plan without creating inflationary pressures.

(3) The demand for agricultural products will be met by domestic production without need for imports.

(4) The structure of agriculture will be organised to make a balanced and high rate of growth possible.

(5) To attain a balanced diet, the ratio of animal proteins in the total diet will be increased.

(6) The possibilities of creating additional employment in the agricultural sector will be surveyed to contribute to the realisation of the social targets of the Plan. A basic principle will be reduction of the intersectoral income differentials.

(7) To modernise agriculture and to use modern inputs and equipment more efficiently, the level of technology will be raised and productivity will be increased.

(8) The two basic objectives will be to ensure the balanced use of agricultural resources in the long run and to exploit resources efficiently, keeping conservation principles in mind.

(9) Agricultural reform will be regarded as a set of measures designed to eliminate the abnormal conditions in the structure of agriculture.

The definite and clear determination of land titles by law is imperative for the adoption and success of the measures taken in regard to land reform.

Legislation will be prepared to facilitate the transfer of land on easy terms to landless farmers or to those who have plots of land too small to be operated profitably. The source of this land will be one or more of the following categories: land reclaimed within forest or pasture areas; land leased to private parties but owned by or under the actual control of the State. Land which exceeds optimum farm size and which is not cultivated regularly will be purchased or expropriated.

Considering the insufficient financial resources of small-scale family farming operations for the procurement of machinery, tools and credit, it is expected that co-operatives will provide an important means to fulfill their needs and to market the products. The increase in agricultural productivity will require the implementation of advanced technologies. Therefore, due consideration is given to the possibility of extending long-term credits or low rates of interest.

Studies will be made to see if a lease system can be organised to lead to land improvement, development and the prevention of deterioration through long-term contracts, as well as to regulate rents and to provide a mechanism through which the leaser may acquire the ownership of the land he cultivates.

b. DEVELOPMENTS AND PROBLEMS

The agricultural sector, with its social and economic aspects, has a dominant place in the life of Turkey. However, the inefficient use of resources and the low level of present technology have impeded the rapid and sustained growth of this sector. The limiting factor in the technological development of the sector has been due to the fact that a high percentage of the population is engaged in this sector, not only as a field of employment but also as a way of life, with a consequent dominance of the traditional values and difficulty in extending services to this great number of people dispersed over a large area.

Along with the low level of technology, the principle problems are: an agricultural structure unsuitable for year-round management; the inadequate marketing system; the fact that the majority of holdings are too small even for family needs; population pressures; and the fact that 78 per cent of the agricultural land is subject to erosion. Price fluctuations inherent to agricultural production and the development of the industries processing agricultural raw materials are additional factors influencing the development of this sector.

On the other hand, aside from land to be reclaimed, new arable land to be opened for agriculture by means of present day technology is virtually non-existent. However, with the possibility of irrigating 7 million hectares of land and with the possible changes in land use, in a sense the availability of land may be improved. In addition, the improvement of technology constitutes the most important opportunity for development of the sector.

In the first four years of the First Plan period the average rate of growth was 3.1 per cent. The high rate of 7.6 per cent in 1963 was followed by a slowdown in 1964, a decline of 3.3 per cent in 1965 and an increase of 8.6 per cent in 1966. Changes in grain and fruit production dictated by fluctuation in weather conditions resulted in fluctuations in the overall rate of growth. In regard to this, the most important consideration is the use of inputs which will secure technological development in this sector still so heavily dependent on weather conditions. During the First Plan period a definite development in this area was started by the use of chemical fertilizers and select seeds.

Until the First Plan period, the area to be brought under irrigation, and for which the installations had been completed, was 431,000 hectares. During the First Plan period it was estimated that installations for 444,000 hectares of new land would be completed.

Furthermore, in the use of agricultural credits, there is a definite trend to supply farmers with inputs rather than cash. This development is rather important in supporting technological development.

Of the total agricultural investments envisaged in the First Plan period, 83 per cent will be realised including the investments of the 1966 and 1967 programmes. The low realisation rate of investments during the first three years accounts for 5.6 per cent of this difference and 11.4 per cent of it was caused by the fact that the investment allocations were less than Plan targets.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND AND PRODUCTION

In the Second Plan, a 23 per cent increase in the value added of the agricultural sector is considered attainable and necessary to meet, by domestic production, the increase in demand for food due to income and population growth.

Estimates of domestic demand, production, and imports are given in the related subsections.

The estimates of demand for food are based on daily caloric requirements, the necessary improvement in diet, and income elasticities. These estimates are then compared with international data. With a number of products the estimation of the amount suitable for consumption was considered more significant.

In estimating production the proper weight is assigned to technological developments. An increase in productivity has been the major target.

In the years to come, difficulties are anticipated in meeting the demand for meat. The balance is expected to be established through price changes.

The production of oil seed and grain is short of meeting the present demand, but it will be increased to a level which will meet the domestic demand through the realisation of the envisaged technological improvements.

Developments in forestry and fishing will be aimed at better management of resources. In this area there is also a definite need for improvement in the methods used.

b. INVESTMENT

Investment in the development of soil and water resources constitutes approximately 53 per cent of the total investment in the agricultural sector. Among these the percentage of major water resource development projects is about 50 per cent. In addition, and in light of previous developments, the on-the-field services which complement these projects are an important field of investment envisaged in the Second Plan.

Completion of the major water resource projects will be emphasised. For small projects the use of underground water resources will be given special weight. The principles and measures concerning investment for the development of soil and water resources are given in detail in the subsection related to this subject.

Agricultural machinery and tools constitute a significant portion of the investment. The investment in machinery and tools, 95 per cent of which will be made by farmers, is an absolute necessity for the realisation of productivity increase targets.

The most important components of State investment will be agricultural research and publication services. The investments are requirements for the direction of these services towards the goals set in the related subsectors. To ensure the development of these services, current expenditures constitute as important a factor as investments.

Investments related to animal husbandry are incorporated in land improvement, agricultural building and State investments. The increases in livestock population are quite significant. Investments in selective breed studs mainly pertain to imports of improved breeds.

Of the forestry investments, 47 per cent are allocated to production facilities and 45 per cent to improvement, reforestation and soil conservation projects. The construction of forest roads constitutes the largest item of investment related to production. Investments for surveys are given high priority.

The construction of fishermen's shelters constitutes 53 per cent of the investment in fisheries. Acquisition of the deep sea fishing equipment required for the envisaged development in fishing is also among the investment targets.

It is estimated that 32 per cent of the total agricultural investment will be made by farmers. Sixty-six per cent of such investment will be composed of machinery and equipment. Total investment figures are given in Table 149.

TABLE 149 — Investment Projections (1)

(Million TL)
(At 1965 Prices)

	1968 - 1972 (1)
1. Water and Soil Resource Developments	9 186
2. Tractors and Equipment	3 625
3. Research, Publication and other Public Services	815
4. Agricultural Buildings and Marketing Facilities	575
5. Seed and Fruit Trees, etc.	300
6. Select Breed Studs	42
7. Forestry	1 661
8. Fisheries	517
9. Others	179
Total	**16 900**

(1) Increase in livestock population is excluded.

c. CONTRIBUTION OF THE SECOND PLAN

(1) Value added

TABLE 150 — Value of Gross Production and Production Structure of Agricultural Sector

(Million TL)
(At 1965 Prices)

Subsectors	1967		1972		Index 1972 1967 = 100	Yearly Increase
	Million TL	%	Million TL	%		
	(1)	(2)	(3)	(4)	(5)	(6)
Crops	25 211	64.7	31 301	64.0	124.17	4.4
Livestock Products	11 794	30.3	14 886	30.5	126.21	4.8
Sea and Inland Water Products	256	0.6	365	0.7	154 66	9.1
Forestry	1 527	3.9	2 133	4.4	139.41	6.9
Others	190	0.5	208	0.4	109.47	1.8
Total	**38 958**	**100.0**	**48 893**	**100.0**	**125.49**	**4.6**

TABLE 151 — Estimates of Value Added of the Agricultural Sector

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967=100 (3)	Second Plan Annual Increase (%) (4)
Crops	18 932	23 015	121.6	4.0
Livestock Products	5 168	6 381	123.5	4.3
Fishery Products	189	293	155.2	9.2
Forestry	1 432	1 965	137.3	6.5
Others	190	208	109.5	1.8
Total	**25 911**	**31 862**	**123.0**	**4.2**

(2) Balance of Trade

The balance of trade is given in Table 152. Special efforts are required for the full exploitation of the export possibilities of fresh fruits, vegetables and fish, as well as of forestry products. The main import items are improved seed and select breed studs.

TABLE 152 — Balance of Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	1 761	2 279	129.0	5.2
Imports (CIF)	291	370	127.1	4.9
Surplus	1 470	1 909	129.9	5.4

(3) Contribution to Diet

The diet programme of the Second Plan period makes the following contributions to a balanced diet. There will be no significant increase in per capita caloric intake. On the other hand, the share of cereals in the caloric intake will decline from 65.5 per cent in 1967 to 62.3 per cent at the end of the Plan period. In addition, the ratio of animal proteins to total proteins will increase from 21.3 per cent to 24.2 per cent.

3. POLICY MEASURES

a. TECHNOLOGY

To accelerate the technological developments in all branches of agriculture and to ensure their use over an extensive area, the use of modern tools and inputs will be encouraged and their availability in sufficient quantity will be ensured. These measures will be directed toward the realisation of higher productivity in agriculture.

In addition to the physical materials required by advanced technology, the necessary organisations will be formed to provide information to farmers and fishermen on how to use tools and better methods of cultivation. Publication and research services will be conducted with these considerations in mind. Concentrated efforts will be made for the solution of specific problems.

State farms and breeding stations will be developed to be model centres for the diffusion of technological advances.

b. PRICE POLICY

Price policy will be used as a tool to increase productivity in agriculture. In this context, price increases of inputs which lead to increases in productivity will not be permitted.

On the other hand, the basic principle will be to minimise price fluctuations due to the seasonal properties of agricultural production, to annual fluctuations and to other reasons. Price support programmes will be properly geared to minimise these price fluctuations. Implementation of the price support scheme will be closely linked to relative prices. The aim of the policy will not be to maintain prices at a high level regardless of conditions. Prices of agricultural products will constitute the lead in general price increases in the economy.

Changes in relative prices will be made only when the domestic demand cannot be met by production and when the rapid increase of production is envisaged as a necessity. In determination of the price of products that are exported in large quantities though difficulties are present, other price movements and export possibilities will be given due consideration.

c. AGRICULTURAL CREDITS

Agricultural credits constitute an important tool of policy for agricultural development and management will be carried out along the lines dictated by Plan targets.

The aim of the annual credits will be to increase the use of improved seed, fodder, fertilizers, medicines and fuel which contribute to the increase of productivity and ensure technological improvement in agriculture. In extending credits, priority will be given to products like meat, oil seed and grain whose production fails to meet the domestic demand and to products which are expected to increase significantly in exportation. The regional distribution of credits will be based on these priorities.

Animal husbandry, agricultural equipment, marketing facilities, fishing equipment and irrigation projects will be given priority in extending credits for investment. Credits, especially for marketing facilities, will be devised to encourage the establishment of co-operatives.

Under a new credit system to be developed, credits will be extended, preferably through the co-operatives, to farming operations smaller than a defined size. Such farmers will be charged low interest rates for agricultural credits.

d. FARMERS' ORGANISATIONS

One aim of the farmers' organisations will be to provide assistance in the application of technological advances in farming. Through the co-operatives, small and medium-size farms will procure the modern tools and inputs which increase productivity. These establishments will be used as centres of information for the diffusion of advanced techniques. These establishments will also be useful in the implementation of price policies.

DEVELOPMENT OF SOIL AND WATER RESOURCES

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Although, for the most efficient use of resources, long-term balanced resource development plans which meet technical requirements are regarded as a basic principle in the development of soil and water resources, the development of resources for specific purposes will not be delayed.

(2) Co-ordination problems which impede the efficient use of soil and water resources will be eliminated rapidly. Operation of the organisations in this area will be developed in a balanced and complementary direction.

(3) In the selection of water resource development projects, along with technical and economic criteria, due consideration also will be given to the contribution of the users to the financing, implementation and operation of the projects, and to the impact of the projects on the rate of growth of dry regions subject to erosion.

(4) The State will be principally responsible for flood control, soil conservation and the design, construction and operation of major water resource projects. The provision of guidance, support and technical aid by the government will be a basic principle in other matters pertaining to the development and operation of resources. Help for the organisation of users will also be provided.

(5) The investments made by the State will be repaid by the users in projects other than those which have a public utility character, such as flood control projects. Terms of repayment will be arranged according to the profitablity of the project and the rate of utilisation.

b. DEVELOPMENTS AND PROBLEMS

Soil and water resources have many uses. These resources are considered here only in relation to agriculture.

The presently known land resources are given, according to their use, in Table 158. According to available statistics the area of agricultural land is 26 million hectares. According to another survey, the actual figure is estimated to be about 23.5 million. In addition, there are 1.7 million hectares of partly used, poorly drained land and 0.7 million hectares of barren land. These may be converted into agricultural land by proper improvement. The studies undertaken reveal that approximately 70 per cent of the agricultural land is subject to varying degrees of erosion.

Erosion is particularly pronounced on mid-Anatolian pastures and on the sloping lands used for grain farming. The solution to this problem depends mainly on physical measures like terracing, the provision of proper vegetation and on suitable agricultural techniques.

The land has not been classified according to its quality. A significant development in this area was started during the First Plan period.

The water potential corresponding to the rainfall in Turkey is about 518 billion cubic metres. Approximately 32 per cent of this goes into streams and rivers. It is estimated that only 80 billion cubic metres of this flow can be put to use. For this reason the seasonal fluctuation in available fresh water will have to be regulated by approximately 430 dams.

Of the 23,500,000 hectares of agricultural land in Turkey, 16,690,335 are suitable for irrigation. The land classification studies completed to date indicate that 74 per cent or 12,507,000 hectares are suitable for irrigation. However, when the water potential of the basins is considered, the land suitable for irrigation, including costly installation and modern technologies such as artifical rain, amounts to 8.5 million hectares. At present, 1.5 million hectares are under irrigation and 7 million hectares are ready for irrigation. One of the principle problems in the development of water resources for irrigation purposes is the time gap between completion of the dams, main canals, etc. and the adoption of advanced wet farming techniques. The reduction in this time gap will be a significant factor in the acceleration of the rate of growth in the agricultural sector.

In the First Plan period, 515,000 hectares of land were projected to be added to the irrigated land. The realisation was 444,000 hectares of land irrigated through the canal network. But it is estimated that the amount of new land brought under irrigation does not exceed 200,000 hectares. It was observed that the time needed for agricultural development is longer than was estimated in the First Plan. The main factor in the low realisation ratio has been the lack of field irrigation systems which complement the major irrigation facilities.

Legislation has not been enacted to enable the farmers to form irrigation associations for utilising water from the State irrigation systems. A statute to regulate water rights, except for underground water resources, has not been prepared.

Land consolidation in irrigated areas has not gone beyond a token stage.

2. ESTIMATES AND TARGETS OF THE SECOND FIVE-YEAR PLAN

The projected targets for the irrigation and soil conservation measures to be undertaken through the investments mentioned in the general agricultural sector are illustrated in Table 154.

Major flood control projects are incorporated in major water resource development projects. In areas where the situation is urgent, the construction of temporary or permanent facilities and individual small-scale installations are treated as flood control projects per se.

TABLE 153 — Irrigation Balance

	1967		1972		
	Area in 1000 Hectares	%	Area in 1000 Hectares	%	Index 1967=100 1972
	(1)	(2)	(3)	(4)	(5)
Grain	372	24.0	491	25.3	132.0
Wheat	200	12.9	265	13.6	132.5
Rice	57	3.7	66	3.4	115.8
Maize	75	4.8	100	5.2	133.3
Others	40	2.6	60	3.1	150.0
Legumes and Fodder	100	6.5	140	7.2	140.0
Industrial Crops	660	42.6	830	42.8	125.5
Cotton	400	25.8	450	23.2	112.5
Sugar Beets	110	7.1	150	7.7	136.4
Sunflower Seeds	70	4.5	120	6.2	171.4
Others	80	5.2	110	5.7	137.5
Fruits	177	11.4	225	11.6	127.1
Citrus	37	2.4	45	2.3	121.6
Others	140	9.0	180	9.3	128.6
Vegetables	240	15.5	255	13.1	106.3
Total	**1,549**	**100.0**	1,941	**100.0**	**125.3**

During this period, 392,000 hectares of land are to be brought under irrigation to reach the goals of crop production. The balance of irrigation is illustrated in Table 153. The area that will be opened up and irrigated each year is given in Table 154.

TABLE 154 — Irrigation and Soil Conservation Targets of the Second Five-Year Plan

Years	Irrigation Systems to be Constructed (1)	Area to be Irrigated (2)	Soil Conservation (Hectares) (3)
1968	100,273	61,182	52,400
1969	108,623	69,211	56,200
1970	110,605	71,713	60,600
1971	94,507	84,844	64,400
1972	126,759	105,000	60,300
Total	**540,767**	**392,000**	**293,900**

Underground water use and small ponds will be stressed in the area of minor water resource development. At the end of the Second Plan period the irrigated lands will constitute 8.2 per cent of the total agricultural land. This ratio was 6.6 per cent at the beginning of the period.

In the area of soil conservation the State will undertake investments in installations to prevent wind erosion and in sidestream basin improvements related to flood control.

The rehabilitation of the irrigation systems previously built will be completed during the Second Plan period. In addition, 25,000 hectares of swamps will be reclaimed and improved and the many swamp areas which have been dried in the past will be opened to agriculture.

3. POLICY MEASURES

a. The related organisations will collect the basic data, define targets and design projects within the framework of the long-term targets of the Development Plan.

Special attention will be given to the Zamanti-Kizilirmak, the lower Euphrates Basin and the Ceyhan Basin projects.

b. With regard to programmes related to soil and water resource development projects,

(1) In projects under construction, priority will be given to the rapid development of the entire project area.

(2) Measures will be taken to encourage a more active participation of the people in the financial and administrative burdens of the projects. Priority will be given to those projects where the rate of participation is high.

c. With regard to measures for soil conservation on the fields and pastures, the government will provide guidance and training. For this purpose, pilot soil preservation zones will be established for demonstration purposes in areas where suitable conditions exist. Local participation will be given due weight in the determination of priorities for the selection of these zones.

d. To obtain the expected results from investments made in the main installations of the irrigation and development projects, the government will participate in investments undertaken by farmers for irrigation purposes.

e. State investments in irrigation installations will be repaid by the beneficiaries of the projects. Repayment systems will be developed for registered and unregistered lands.

f. Completed installations will be turned over to the beneficiaries for operation. For this reason, the establishment of water use co-operatives will be supported. The necessary control and technical support to maintain the proper use and continuity of the installations will be provided by the State.

g. Preparation and ratification of the necessary legislation for the determination and registration of the rights to use water will be ensured. A basis for the use of water resources will also be established.

h. Extension services will be given special attention to ensure the proper operation of the water distribution services. For this purpose, sample irrigated farms will be established by securing the co-operation of progressive farmers. Income guarantees will be considered for the owners of this type of farm.

i. Problems of co-ordination between the State Waterworks and the Soil-Water General Directorate will be eliminated by directing the efforts of the former to the development of resources and of the latter to the efficient utilisation of these resources.

CROP SITUATION

1. OBJECTIVES AND DEVELOPMENTS

a. DEVELOPMENTS AND PROBLEMS

Crop production during the First Plan period fell short of the targets, although at different rates for different products. Wheat and oil seed production did not meet the domestic demand. On the other hand, significant increases in oil seed production were realised toward the end of the period. Significant developments in apple and citrus fruit production were made, a tendency to adjust production according to consumer preferences emerged, and fruit quality was improved. But the total fresh fruit and vegetable production fell short of the quantities set as targets. The solution of fertilizer, irrigation and seed problems played an important part in increasing industrial crops like cotton and sugar beets whose production did exceed the targets set.

The production of forage crops, the most important factor in the development of animal husbandry, fell short of the Plan targets. As a result, the balanced development of livestock and crop production could not be carried out.

Exports of crops have increased considerably despite annual fluctuations. Cotton exports have doubled and a relatively rapid increase in grain, legume and fresh fruit exports was made.

In agriculture the highest realisation rate of the First Plan period was in fertilizer use. The annual use of fertilizer exceeded the target set for the end of the Plan period by 35 per cent. Despite this high rate of increase, the total quantity of fertilizer used was far less than the quantity required.

There have been no significant improvements in cultivation techniques. The changes envisaged in land use have not been attained. But the decrease in pasture and grazing land has been almost negligible.

Agricultural publication services did not reach an effective level. None of the targets except fertilizer use could be reached. Nevertheless, the practice of using improved seed has been established. The developments achieved in cotton and sunflower production triggered an interest in the application of similar methods to other crops and constituted a good introduction to the subject of improved seed use.

To summarise, the First Plan based development on technological improvements and changes in land utilisation. The dependance of agricultural production on weather conditions considerably limited the rate of growth. The technological development which had started could not reach a level where the optimum exploitation of agricultural resources was possible.

2. TARGETS AND PROJECTIONS OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic demand

In calculating demand estimates each crop has been surveyed individually. A balance has been established between demand and supply by giving due consideration to the different uses of the crops. In consolidating results of the various methods of estimation, due consideration was given to the consumption habits of the population. Comparisons with international data were also made in arriving at final estimates.

In estimating per capita food consumption, the levels of diet attainable due to the increases in consumption expenditures and income elasticities were used. The total demand for food was estimated with regard to the ratio of population increase.

The present average daily caloric intake per capita is satisfactory. Research undertaken in this area reveals that the average daily gross per capita caloric requirements and the actual caloric intakes are 2,750 - 2,900. The caloric consumption estimates based on the existing statistical data are 15 - 20 per cent higher than these requirements. This difference indicates that statistical data may have over-estimated production. Per capita consumption figures are given in Table 155. The total domestic demand estimates based on per capita figures less the over-estimated production, are given in Table 156.

The per capita gross caloric intake obtained from crops will not change, but the share of sugar and vegetable oils will increase at the expense of grain. The per capita crop demand will increase by 4.9 per cent in value over the next five years. Accordingly, the total demand for crops will increase by 19.1 per cent during the Second Plan period.

There is a high per capita rate of cereal consumption in Turkey. At present, the per capita consumption is estimated to be 228 kilograms. This figure may be as high as 270 kilograms in villages and may be as low as 140 kilograms in cities. According to these figures, grains provide 1,930 calories on the average and exceed 2,300 calories in rural areas. During the Second Plan period, wheat consumption will increase but other cereal consumption will decline at a higher rate than this increase, resulting in a lower per capita cereal consumption in rural areas. Estimates are shown in Table 155.

During the Second Plan period a 7 per cent increase, at the minimum, in per capita potato consumption will be a factor contributing to reduced cereal consumption. The increased consumption will not be met by increased production alone, but also through the reduction of losses.

TABLE 155 — Per Capita Crop Consumption

	Kilograms Per Capita			Index 1972 (1967 = 100)	
	1964 - 1965	1967	1972	Per Capita Consumption	Total Domestic Consumption
Products	(1)	(2)	(3)	(4)	(5)
1. Grains	228.0	226.0	219.0	96.9	110.0
Wheat	186.0	186.0	186.0	100.0	113.5
Rice	4.0	4.3	5.0	116.3	132.0
Other Grains	38.0	35.7	28.0	78.4	89.0
2. Legumes	9.4	9.5	10.0	105.3	119.5
3. Potatoes	32.0	33.0	35.5	107.6	122.1
4. Fruits, Vegetables and Other Crops					
Citrus	9.2	9.6	11.3	117.7	133.6
Soft Seeds	11.5	12.1	12.9	106.6	121.0
Hard Seeds	7.0	7.6	8.7	114.5	130.0
Shelled Nuts	4.0	4.0	4.0	100.0	113.5
Miscellaneous Fruits	6.6	6.7	6.9	103.0	116.9
Grapes	52.0	52.0	53.0	101.9	115.7
Vegetables	81.8	84.0	91.0	108.3	122.9
Other Field Crops	47.0	47.0	47.0	100.0	113.5

Sugar and vegetable oils, whose raw material is in crop form, are discussed under food industries.

In general, the development in consumption of fresh fruits and vegetables is parallel to their production. But, due to the lack of marketing facilities for fresh fruits and vegetables, the full potential of the market cannot be realised. By adjusting prices, improving marketing conditions and processing fresh fruits in the proper season and region, the waste can be reduced and the ratio of the marketable produce to the total can be increased. Development of the food processing industry may also have favourable effects on the structure of fruit production.

2. EXPORTS

The export of crops constitutes an important component of total exports. The processing of tobacco, hazel nuts, raisins, dried figs and pistachio nuts is discussed in the section on tobacco and food processing, but these same products are classified as agricultural products in the discussion of the foreign trade sector.

It is estimated that there will be no change in the trend of the exports of traditional export products. However, for products which will enter foreign trade it is assumed that there will be organisational difficulties and that the required facilities will not be ready.

TABLE 156 — Domestic Demand Estimates

(Million TL) (1000 Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Grains	Quantity	5 703	7 454	2.2	8 200	110.0	1.9
	Value	5 124	5 630	1.9	6 294	111.6	2.2
Legumes	Quantity	273	313	2.8	374	119.5	3.6
	Value	376	434	2.9	516	118.9	3.5
Industrial Crops	Value	1 635	2 265	6.7	3 002	132.5	5.8
Oil Seeds	Value	556	942	11.1	1 274	135.2	6.2
Other Field Crops	Value	841	987	3.3	1 167	118.2	3.4
Fruits	Value	2 784	3 507	4.7	4 666	133.0	5.9
Vegetables	Value	548	686	4.6	880	128.2	5.1
Grand Total	**Value**	**11 864**	**14 459**	**4.0**	**17 799**	**123.1**	**4.25**

Note : (1) The table includes the total production of crops such as sugar beets, tobacco, flax and hemp fibers, olives, tea and pistachio nuts. The figures for the other crops are obtained through consumption, and food processing and other industrial demand estimates.

Note : (2) The differences between the value and quantity indexes are due to the fact that the commodity groups are different although the whole table is estimated at constant prices.

The export of the products classified under grains and legumes in Table 157 may exceed the quantities given therein. But, on the other hand, since the domestic demand is barely met, the quantity left over for export is limited and depends on the special features of some of these products.

The factors limiting the export possibilities of fresh fruits can be summarised as follows: products not meeting the quality and quantity requirements of the buyers; the high price level of a number of products; insufficient marketing, storage, and transportation facilities and consequent lack of organisation; the lack of aggressive salesmanship.

During the Second Plan period the envisaged 68 per cent increase in the export of fresh fruits and vegetables may be exceeded provided that the bottlenecks stated above are fully eliminated. The opportunities for cotton exports increase parallel to production.

b. PRODUCTION AND IMPORTS

(1) Production

As shown in Table 163, the structure of production will not change significantly as far as commodity groups are concerned. But there are changes in individual commodities (corn, sunflowers and forage crops) within the groups.

A change in the structure of production by commodity groups is rather unlikely during a short period of five years. The decline in the grain component of agricultural output, the increase in production of industrial crops, oil seeds, fruits and vegetables and the development of forage crop cultivation indicates a trend toward intensive farming. This is the beginning of a significant future change-over.

In estimating the agricultural production of the Second Plan period, it is assumed that the total acreage for agriculture will not increase but, on the contrary, decline in the long run. However, the area sown will be increased. As shown in Table 158, a 10 per cent decrease in fallow land is envisaged during the Second Plan period. The total agricultural land given in this table is 10 per cent less than the figures given in the available statistical data. The reason for this is that the production estimates are 10 - 15 per cent higher than the actual output and this difference is believed to be a result of the error in cultivated land area estimates. In fact, a close look at the land quality classification substantiates this belief.

The increase of productivity per unit of land is considered necessary to meet the increases indicated in the demand estimates, parallel to the optimum utilisation of land. A meaningful correlation could not be established between the historical data of yield and the use of various inputs. Nevertheless, the results of research done in various regions shed

TABLE 157 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 Estimate (2)	First Plan Annual Increase (%) (3)	1972 (4)	1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Cereal and Legumes	Value	50.5	97.2	14.0	206.0	211.9	16.2
Industrial Crops	Value	514.1	1 029.1	14.9	1 175.3	114.2	2.7
Fresh Fruits and Vegetables	Value	24.6	55.6	17.7	93.5	168.1	11.0
Total	Value	**589.2**	**1 181.9**	**14.9**	**1 474.8**	**124.8**	**4.5**

TABLE 158 — Land Use

	1967		1972		Index 1972
	1000 Ha.	%	1000 Ha.	%	1967 = 100
	(1)	(2)	(3)	(4)	(5)
1. Farm Lands	23,539	30.15	23,545	30.16	100.02
a. Cultivated Fields	21,200	27.15	21,140	27.08	99.72
(1) Fallow	7,030	9.00	6,311	8.08	89.91
(2) Sown Land	14,170	18.15	14,829	19.00	104.65
Grains	11,550	14.80	11,906	15.25	103.08
Legumes and Forage	674	0.86	808	1.04	119.88
Industrial Crops	1,946	2.49	2,115	2.71	109.20
b. Orchards and Gardens	2,339	3.00	2,405	3.08	102.82
(1) Vineyards	800	1.02	800	1.02	100.00
(2) Shown Land	645	0.83	670	0.86	103.87
Citrus	37	0.05	45	0.06	121.62
Other Fruits	608	0.78	625	0.80	102.80
(3) Vegetables	420	0.31	255	0.33	106.25
(4) Olives	654	0.84	680	0.87	103.97
2. Pastures	30,839	39.51	30,839	39.51	100.00
3. Forests	10,584	13.56	10,584	13.56	100.00
4. Arid Lands	13,096	16.78	13,090	16.77	99.55
Geographical Area	78,058	100.00	78,058	100.00	—

some light on the input-output relation during the Second Plan period. This information is used in production estimates with the necessary corrections for farming conditions and land use. It is estimated that total crop production will increase by 4.4 per cent annually. Production projections are given in Table 160.

The area-average yield production balance of some of the main crops is given in Table 161. In preparation of the table, due consideration was given to the effect of irrigated-dry areas, use of fertilizers and other measures.

The contribution of the various measures to the increase in production will be as follows: irrigation, 20 per cent; use of fertilizers, 52 per cent; use of improved seed, 10 per cent; reduction of fallow land and changes in the structure of production, 8 per cent; pest control and other measures, 10 per cent.

It is clearly seen that the use of chemical fertilizers will play a major role in realising the envisaged increases in crop production. The target level for the use of fertilizer is set to make realisation of the increases in crop production possible.

At the end of the Second Plan period, the target for fertilizer use will be 4 million tons (1.5 million tons of nitrates, 2.45 million tons of phosphates, 50 thousand tons of potassium), and the rate of fertilizer use in field, orchard and vineyard farming will reach 47.5 per cent.

Projections for fertilizer use are given in Table 159.

TABLE 159 — Use of Fertilizers

	1967						1972					
	Element				Rate of Fertilization (1)		Element				Rate of Fertilization (1)	
	N 1000 Tons	%	P_2O_5 1000 Tons	%	N %	P_2O_5 %	N 1000 Tons	%	P_2O_5 1000 Tons	%	N %	P_2O_5 %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Wheat	13.8	11.6	75.9	43.4	5.0	22.0	35.2	18.4	180.3	44.2	20	52
Maize	19.5	16.2	9.0	5.1	40.0	30.0	58.8	19.6	32.0	7.8	92	80
Rice	2.4	2.0	2.4	1.4	100.0	100.0	3.6	1.2	3.6	0.9	100	100
Barley	2.6	2.2	11.3	6.5	15.0	11.0	5.6	1.9	39.2	9.6	10	35
Other Cereals	—	—	2.0	1.1	—	5.0	1.1	0.4	6.6	1.6	5	15
Legumes and Forage	1.2	1.0	9.0	5.1	10.0	30.0	7.5	2.5	28.6	7.0	30	70
Cotton	28.0	23.3	26.5	15.2	50.0	75.0	45.0	15.0	31.5	7.8	75	85
Beets	12.6	10.5	9.0	5.1	100.0	100.0	15.5	5.2	11.1	2.7	100	100
Potatoes	3.4	2.8	3.8	2.2	30.0	40.0	8.4	2.8	8.2	2.0	70	80
Sunflowers	7.3	6.1	8.1	4.6	45.0	50.0	19.2	6.4	19.2	4.7	100	100
Other Field Crops	1.6	1.3	1.6	0.9	9.8	9.8	5.2	1.7	5.2	1.3	8.7	8.7
Citrus	3.3	2.6	2.2	1.3	100.0	100.0	3.9	1.3	2.6	0.7	100	100
Tea	3.4	2.8	—	—	100.0	—	3.6	1.2	—	—	100	—
Other Fruits	15.2	12.7	10.3	5.9	18.2	13.7	41.2	13.7	26.4	6.5	22.9	16.5
Vegetables	5.7	4.7	3.9	2.2	20.0	25.0	26.2	8.7	13.1	3.2	100	100
Total	**120.0**	**100.0**	**175.0**	**100.0**	**18.3**	**23.8**	**300.0**	**100.0**	**408.0**	**100.0**	**42.6**	**53.0**

(1) Rate of fertilization shows percentage of the acreage of crop on which fertilizers are used.

TABLE 160 — Production Targets

(Million TL) (1000 Tons)
(At 1965 Producer Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967=100 (5)	Second Plan Annual Increase (%) (6)
Grains	Quantity	12,901	14,094	1.8	17,230	122.2	4.1
	Value	8 779	9 526	1.7	11 595	121.7	4.0
Legumes	Quantity	585	659	2.4	883	134.0	6.0
	Value	623	729	3.2	939	128.8	5.2
Industrial Crops	Value	2 239	3 243	7.7	4 145	127.8	5.0
Oil Seeds	Quantity	588	1,024	11.9	1,363	133.1	5.9
	Value	642	1 032	9.9	1 378	133.5	6.0
Other Field Products	Value	1 452	1 705	3.3	2 029	119.0	3.6
Fruits	Value	3 604	4 101	2.6	5 349	130.4	5.5
Vegetables	Quantity	3,310	4,000	3.8	5,250	131.2	5.6
	Value	798	964	3.8	1 265	131.2	5.6
Total of Main Products	Value	18 137	21 300	3.3	26 700	125.3	4.6
By-Products and Others	Value	3 775	3 911	0.7	4 601	117.6	3.3
Grand Total	Value	**21 912**	**25 211**	**2.9**	**31 301**	**124.6**	**4.4**

Grains : During the Second Plan period, maize, rice and barley will have the highest rates of increase within the total increase in grains. As the result of a 15.9 per cent increase in wheat production from 1971 on, domestic demand will be fully met from domestic production. For this reason, it is envisaged that special programmes will be devised for fertilizing grains. The present 10 per cent level of fertilized land will be increased to 52 per cent by 1972. The use of selected seed will be increased from the 1967 level of 10 per cent to 30 per cent. Insect and pest control services will be increased 30 per cent above the 1967 level. The implementation of various programmes will be carried out jointly. Specifically, a project based on selected seeds will be implemented. This project will incorporate the joint use of fertilizers and advanced techniques. During the Plan period, in addition to these measures there will also be a need for at least 1 million hectares of wheat land annually to be brought under full technical control of the Ministry of Agriculture.

Barley, oats, maize and millet are discussed in the forage crops section of this part.

Rye will be regulated within its own ecology. Kaplica wheat production will be reduced and supplemented by other forage crops. Mixed crop production will be reduced 72 per cent. Production of supplementary forage crops will be supported.

Cotton : Since the possibility of increasing cotton acreage is limited, any possible increase will be connected with the development of irrigated land. The estimated increase in land to be brought under cotton cultivation, recognising the alternative use of the land for fruit and vegetable cultivation, and a 17.2 per cent average increase in productivity, will lead to a 25.7 per cent increase in cotton production. Increase in productivity will be ensured by the use of fertilizers on all the irrigated cotton land, use of selected seed and crop rotation.

Tobacco : Total domestic and foreign demand will be met during the Second Plan period if the land under cultivation is kept at a level of 220,000 hectares and the yield per hectare kept at 700 kilograms. Cultivation of other tobacco species along with the high quality Turkish tobacco will also be considered.

Oil seeds : During the Second Plan period, a 33.1 per cent increase in oil seed production will be reached in order to meet the increased demand for oil. This will be done through an increase in both land and productivity. Cotton seed and sunflower seed constitute 87.3 per cent of the total oil seed production. With the increase in cotton production, cotton seed production will increase by 25.7 per cent. A considerable increase is needed in sunflower seed production in order to reach the expected level of 33.2 per cent of the total oil seed production. By 1972, acreage for this product is to increase by 18 per cent, productivity by 21 per cent, and production by 43.5 per cent over the 1967 level. To this end, the proportion of land fertilized in 1965 will be increased from 3.5 per cent to 100 per cent by 1972. It will be ensured that all of the seed used will be of good quality.

Fruits : It is estimated that citrus fruits, mainly oranges and tangerines, will increase by 37.6 per cent during the Second Plan period, as shown in Table 161. This increase will be realised by an increase in the number of productive trees, in fertilization and in more effective pest control. The trend in other fruits will maintain its normal course, but significant increases in apples and peaches are expected. Filberts and olives will maintain their production level, but by application of modern methods the average harvest will be increased.

Grapes : Grape production is considered as a possibility for the use of sloping hillsides. A 13 per cent increase in production will be realised partly through fertilizing, better care and pest control. The immediate goal will be to solve quality and species problems. Early and late season fresh grapes and grapes for wine will be given special attention.

Vegetables : During the First Plan period the increase in vegetable production fell short of targets, although with different rates of increase for various kinds. This lack of growth was mainly due to the non-existence of price regulations, the slow development of facilities for packing, transportation and storage and to marketing conditions. The total increase in production will be through an increase in land under cultivation, along with an increase of 21.1 per cent in productivity by fertilization, pest control, and other measures.

Forage crops : One of the major problems of the Second Plan period is the rapid increase of forage crops which are a key factor in the development of animal husbandry. Forage crop demand and meadow improvement are discussed under animal husbandry. In this section, therefore, only grains and other fodders are considered. The increases of 89.2 per cent in corn, 29.6 per cent in barley, 21.2 per cent in oats and 62.7 per cent in tare and vetch call for the design of specific programmes for these crops during the Second Plan period. To ensure the allocation of the land required for these crops, the provision and increase of the use of imports and the encouragement and support of planting are imperative. In particular, the production of forage crops will be influenced to a great extent by the use of corn, barley and other forage crops by the fodder industry and by the establishment of a reasonable balance between livestock and fodder prices. It will not be possible to meet all the demand for grain fodder during the Second Plan period.

Twenty thousand hectares of land will be used for forage crops during crop rotation in order to increase the amount and improve the quality of forage crops. Aside from crop rotation, the aim will be to bring 300,000 hectares of fallow land under cultivation in 1972 starting from 50,000 hectares in 1968.

(2) Imports

It is estimated that toward the end of the Second Plan period there will be no need for wheat imports, but high productivity seed and fodder will be imported. The import values are given in Table 162.

TABLE 161 — Average Area Yield-Production Balance

	1967			1972			Area	Yield	Index 1972 1967 = 100 Production
	Area 1000 Ha.	Yield Kg./Ha.	Production 1000 Tons	Area 1000 Ha.	Yield Kg./Ha.	Production 1000 Tons			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Wheat	6,900	1,150	7,935	6,900	1,333	9,200	100.0	115.9	115.9
Barley	2,560	1,308	3,350	2,800	1,550	4,340	109.4	118.5	129.6
Maize	600	1,550	930	800	2,200	1,760	133.3	141.9	189.2
Rice	57	4,035	230	66	4,700	310	115.8	116.5	134.8
Cotton (Fiber)	700	517	362	750	606	455	107.1	117.2	125.7
Sugar Beets	180	22,200	4,000	222	24,775	5,500	123.3	116.6	137.5
Tobacco	216	602	130	225	710	160	104.1	117.9	123.0
Potatoes	160	11,637	1,862	171	13,040	2,230	106.9	112.1	119.8
Sunflowers	270	1,166	315	320	1,412	452	118.5	121.1	143.5
Citrus Fruits	37	12,000	444	45	13,578	611	121.6	113.2	137.6
Grapes	800	3,975	3,180	800	4,500	3,600	100.0	113.2	113.2
Olives	654	—	510	680	—	800	104.0	—	156.9
Vegetables	300	13,333	4,000	325	16,154	5,250	108.3	121.1	131.3
Forage Crops (1)	725	—	—	1,188	—	—	163.9	—	—

(1) Forage crops include the grain fodders and other plants and the 1972 budget includes the forage cultivation of 300,000 hectares of fallow land.

TABLE 162 — Import Projection

(Million TL)
(At 1965 Prices)

Main Commodity	1962	1967 Estimates	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Wheat	522	81.2	—	—	—	—
Improved Seed, etc.	—	50	—	200	400	31.9
Total Value	**522**	**131.2**	—	**200**	**133.3**	**5.9**

c. INVESTMENTS

This topic is discussed at the beginning of this chapter.

d. VALUE ADDED AND FOREIGN TRADE.

Value of the gross product of the crops and the relative components of production are given in Table 163.

Value added is given in the general subsection of this chapter.

TABLE 163 — Value of Gross Product of Crops and Production Structure (%)

(Million TL)
(At 1965 Prices)

Products	1967 (1)	% (2)	1972 (3)	% (4)
Grains	9 526	37.8	11 595	37.0
Legumes	729	2.9	939	3.0
Industrial Crops	3 243	12.9	4 145	13.3
Oil Seeds	1 032	4.1	1 378	4.4
Other Field Crops	1 705	6.7	2 029	6.5
Fruits	4 101	16.3	5 349	17.1
Vegetables	964	3.8	1 265	4.0
By-Products and Rough Forage	2 348	9.3	2 983	9.5
Value of Grazing	1 563	6.2	1 618	5.2
Total	**25 211**	**100.0**	**31 301**	**100.0**

(2) Balance of trade

It is estimated that the export of crops will increase by 26 per cent. The TL 1 417.5 million FOB export revenue in 1967 will reach TL 1 786.5 million in 1972.

On the other hand, the import requirements shown in Table 164 indicate that this line of production is in a position to contribute to total trade as a net export.

TABLE 164 — Balance of Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	1 417.5	1 786.5	126.0	4.7
Imports (CIF)	131.2	200.0	152.4	8.8
Difference	1 286.3	1 586.5	123.3	4.3

3. POLICY MEASURES

a. CHEMICAL FERTILIZERS

(1) The basic principle will be to ensure inter-organisational co-operation for distribution and procurement of fertilizers at the right time and place and for their use for the proper crops. Credits will be extended accordingly. The 1966 - 1967 fertilizer-crop price relation will not be allowed to deteriorate at the expense of the crops.

(2) If the use of fertilizers exceeds the quantities projected or the state of domestic fertilizers indicates a need for imports, imports will be promptly procured.

(3) Education, publications and soil analyses pertaining to the use of fertilizers will be given priority.

b. SEED

(1) The guidelines will be to develop selected seeds, following developments abroad, to obtain suitable types, to produce them under domestic conditions and to distribute them to producers. The research and production programmes will be geared to meet the need for selected seeds. Private seed improvement ventures will be supported.

(2) Specifically, priority will be given to the use of seeds with high oil content such as sunflowers, soya beans and peanuts and to those suited to regional features and resistant to disease.

(3) The planting of fruit trees and grapevines and the production of vegetable seeds will be done after giving due consideration to the standardisation of production and the preferences of foreign markets. The types will be determined accordingly.

c. PEST CONTROL

(1) At all times the State will conduct pest control and fight the diseases which are epidemic-like and diffuse rapidly, thereby creating large-scale losses.

(2) Beyond the circumstances stated above, the State will provide leadership to organise the farmers, conduct inspections and provide technical aid. The State will also try to equip the farmers to carry out their own pest control and disease combating activities. Pest control activities will be undertaken to such an extent that they will cover the entire production area, depending on the type of crop.

(3) The aim of the research and publication services in this area will be the development and application of pest control methods which are suitable to the ecological features of the regions, pertinent to the technological advances and the most effective, practical, inexpensive and the least harmful in side effects.

d. MECHANISATION

(1) The present trend towards mechanisation will not be checked. The machinery and equipment requirements of special programmes

pertaining to the raising of the technological level will be increased. Specifically, the use of plowing and sowing machinery and tools will be encouraged.

(2) During the Second Plan period, the total number of beasts of burden will not be increased and mechanical power will be used to help meet the increased need for these animals. The degree of this substitution will be adjusted with due regard to local characteristics.

For the effective use of machinery and equipment, spare parts, etc. will be provided on time.

e. AGRICULTURAL SERVICES

Agricultural publications, training and research :

(1) The attainment of the goals projected in the Plan will only be possible by directing the efforts of the farmers toward these goals, thereby increasing their productivity. Agricultural publications, training and research will be regarded as the most effective public services to accomplish this.

(2) Although training and research are considered as a whole, they will be specifically related to infrastructural projects and organised according to the requirements of specific projects.

(3) Agricultural research will be directed towards areas which will lead to increased productivity and improvements of technology. Specifically, special attention will be devoted to the soil-water-fertilizer-plant relationships, fodder-animal relationship, development of improved seed, stock breeding and research which will bring management concepts to farms. The results of the research will be applied and the effects will be observed and assessed.

f. PRODUCTION POLICIES

(1) Measures designed to increase forage crops, oil seeds and grain production will be given priority. Other crops will be assessed in relation to their export possibilities and support of their production will be provided accordingly.

(2) To attain the projected production targets of the various crops, the required increase in land and input use will be encouraged. The necessary measures as to credits and price supports will be provided.

(3) The necessary co-operation between agriculture and industry will be provided to increase the production of oil seeds to a level which will meet the demand for vegetable fats and cooking oils.

(4) Marketing possibilities will be improved for crops like figs, which have an important place among exports but have no tendency to increase and which constitute an important source of income to certain sections of farming communities. Due attention will be given to the problems of production.

ANIMAL HUSBANDRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The basic objective will be the organisation of animal husbandry according to the economic and ecologic conditions of the country. In this context, in the eastern regions where pastures are available and where the marketing conditions are favourable, although the dominant mode of farming is now field farming, intensive animal husbandry supported by forage crops will be encouraged and developed.

(2) Productivity per animal and per herd will be increased and thereby the best utilisation of resources will be possible.

(3) The objective will be to meet the demand for livestock products through domestic production.

(4) Due consideration will be given to increasing the proportion of livestock products in the diet.

(5) Necessary measures will be taken to enable producers to organise themselves at all stages of their activities, from production to consumption.

b. DEVELOPMENTS AND PROBLEMS

In general, the existing topographical and climatic conditions in Turkey are favourable for animal husbandry.

Specifically, animal husbandry is the dominant type of farming in the eastern regions with extensive, good quality pastures. Due to economic, cultural and various other factors, animal husbandry also has an important place in other regions.

Although the number of livestock is rather high, animal husbandry has not been developed due to the following reasons: insufficient forage crops; grazing on common pastures with hay as fodder; limited means of marketing, stock breeding and disease control; and the lack of balance between livestock products and fodder prices.

During the First Plan period, the increase in livestock products was projected as 31 per cent. Of this, only 13 per cent was realised. Most of the measures designed to promote the development of animal husbandry have not been put into effect. Among these measures, only 50,000 hectares of pastures have been improved as opposed to the projected 500,000 hectares and only a fraction of the target production in fodder crops has been realised. In concentrated fodder, only 40.1 per cent of the target rate of a 2.6 million ton increase was realised and only 30 per cent of the increase in total fodder production required for the desired rate of increase in livestock production was realised.

During the First Plan period, the total number of the different types of livestock was envisaged to remain constant. Nevertheless, sheep increased by 10.3 per cent and cattle and water buffalo by 7.1 per cent, while goats decreased by 6.8 per cent and Angora goats by 1.3 per cent. Trends in the past years and the experience gained indicate that the present structure of animal husbandry makes it difficult to check the increase in the number of livestock.

Although during the First Plan period disease control, vaccination and veterinary services were carried out as envisaged by the projected targets, the insufficient facilities made these efforts fall short of the expected rate of reduction in livestock losses.

Artificial insemination programmes were developed to improve the livestock breeds, and the envisaged targets were reached.

Price controls in retail meat sales have not yet been completely abolished, although the favourable effects of its complete suppression have been observed in various regions.

In large markets the demand has significantly increased for livestock with high quality meat. The continuation of this trend will have a favourable effect on the development of beef raising as far as incentives are concerned. This tendency makes the efforts to permanently improve the price and market system imperative.

During the First Plan period, the projected livestock exports were not realised. On the contrary, they declined by 32.4 per cent. This decline was partly due to the high targets based on the high export figures of 1962 and partly due to the export policy. At the same time, it is believed that, in fact, the number of livestock sold abroad has not declined, but that the difference in the figures is due to an increased rate of smuggling.

2. TARGETS AND PROJECTIONS OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic demand

During the First Plan period there was a 1 per cent increase in per capita meat consumption and no increase in milk consumption.

It is estimated that during the Second Plan period the per capita meat consumption will increase by 14.0 per cent and per capita milk consumption will increase by 10 per cent. Due to the trend to consume high quality meat, the value of per capita meat consumption will increase by 15.5 per cent.

Per capita meat consumption (including poultry) is estimated to be 15.7 kilogrammes in 1967 and 18.0 kilograms in 1972, milk consumption as 98.04 kilogrammes in 1967 and 107.99 kilogrammes in 1972, and egg consumption as 2.7 kilogrammes in 1967 and 3.3 kilogrammes in 1972. The production levels believed to be realisable will only meet the increases stated above. These increases will have no significant effect on the proportion of livestock products in the diet.

A 19 per cent increase is expected in the consumption of fleece, mohair and hair during the Second Plan period.

The domestic consumption estimates are given in Table 165.

(2) Exports

A 33.2 per cent increase in the export of livestock products is envisaged during the Second Plan period. Live animals constitute 64.3 per cent of the entire livestock product exports. However, if illegal exports cannot be prevented, then with the increase in domestic demand the official figures for livestock exports may turn out to be lower than the quantities shown in Table 166.

The trend in fleece exports will continue during the Second Plan period. A decline in mohair exports is expected due to the increase in the domestic demand of the texile industries.

b. PRODUCTION AND IMPORTS

(1) Production

The production estimates of this subsector are based on age distribution, increases in productivity and in reproduction rates.

It is estimated that on the average the different kinds of animals, except goats, will increase 1 - 2.2 per cent annually during the Second Plan period.

During this period it is assumed that there will be no change in the fertility rate, but through the increased efficiency of disease control measures and development of veterinary services, the death rate will decline by 1 per cent. The 8.4 million kilogrammes of meat loss which was prevented by disease control measures in 1967 will be increased to 24.3 million kilogrammes by 1972.

The increase in concentrated fodders and in forage crops to be brought about by implementation of special fodder and feeding programmes during the Second Plan period, will lead to an average increase in the carcass weight of the various kinds of livestock as follows: 15.9 per cent in cattle, 1.2 per cent in water buffalo, 12 per cent in sheep, 1.8 per cent in goats and 2.9 per cent in Angora goats. But, if priority is given to cattle, lambs and milk cows during the application of the fortified feeding programmes, the increases shown above may be expected to be greater. It is projected that the increases in carcass weights will amount to 60,289 tons in 1972, valued at TL 361,047,000.

TABLE 165 — Domestic Consumption Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1963 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Meat	Thousand Tons	401.0	463.0	2.9	596.0	128.7	5.2
	Million TL	2 442.0	2 835.0	3.0	3 702.0	130.6	5.4
Poultry	Thousand Tons	48.0	58.0		78.0		
	Million TL	324.0	390.0	3.9	524.0	134.4	6.1
Milk	Thousand Tons	2,823.0	3,234.0		4,040.0		
	Million TL	2 597.0	2 975.0	2.7	3 716.0	125.0	4.6
Eggs	Thousand Tons	69.0	88.0		123.0		
	Million TL	276.0	353.0	5.0	490.0	139.8	6.9
Fleece, Mohair and Hair	Thousand Tons	65.7	62.8	—0.9	74.9	119.3	3.6
	Million TL	529.0	502.0	—1.0	602.3	119.9	3.7
Others (1)	Million TL	4 157.0	4 216.0	0.3	5 063.2	120.0	3.7
Total Value	**Million TL**	**10 325.0**	**11 271.0**	**1.8**	**14 097.5**	**128.5**	**5.1**

(1) Others : Beasts of burden, fertilizer, skins, bee and silkworm products.

TABLE 166 — Export Estimates

(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Livestock (Meat Equivalent)	Thousand Tons	31.0	23.0	— 5.8	35.0	152.2	8.7
	Million TL	144.0	106.0	— 6.0	165.0	255.6	9.3
Fleece	Thousand Tons	4.1	5.0		7.0		
	Million TL	29.0	35.0	3.9	49.0	140.0	6.9
Mohair	Thousand Tons	4.3	5.0		4.0		
	Million TL	40.6	47.0	3.3	38.0	80.0	— 4.3
Hair	Thousand Tons	1.2	1.0	— 3.5	1.0		
	Million TL	5.4	4.5	— 3.2	4.5	100.0	
Total Value	Million TL	**219.0**	**192.5**	**— 2.6**	**256.5**	**133.2**	5.9

Increases envisaged in poultry and egg production are based on the assumption that the ratio of the select breeds to total breeds will increase along with productivity.

The feeding programmes to be implemented during the Second Plan period, as well as previous stock improvements, will affect milk production. With 1967 production taken as a base, the following percentage increases are expected in 1972: 22 per cent in cattle, 10 per cent in sheep, and 8 per cent in water buffalo.

Meeting the textile industry merino fleece requirements domestically is the long-term target, and production projections are made accordingly. Nevertheless, at the end of the Second Plan period only 13.7 per cent of demand will be met by domestic production.

Total fodder supply projections are given in Table 168. According to these figures, the supply of total digestable material will increase by 7.9 per cent. Hay, which is low quality fodder, constitutes 33 per cent of the total fodder. Rough forage crops, including hay, compose 84 per cent of the same total. A balanced feeding diet requires a concentrated fodder content of 30 per cent. The percentage of concentrated fodder will reach only 17 per cent by 1972. Feeding conditions to prevail then will be 20 per cent less than the required amount of fodder for normal production and for the survival of livestock at their present physical condition. The quantity in 1972 will hardly meet one-half of the fodder deficit. To realise the envisaged increase in livestock production the increase in fodder production should be carefully utilised through special feeding programmes. However, under present price conditions it is difficult for animal husbandry dependent on fodder to be economical.

(2) Imports

Livestock and livestock product imports are confined to studs, hair and merino fleece.

Only 9.3 per cent of the demand of the textile industry for clean merino fleece was met domestically in 1967 and this figure is expected to increase to 13.7 per cent by 1972. The remaining demand will be met by imports.

The improved breed studs raised in the State Breeding Centres are not sufficient to meet requirements. During the Second Plan period the State establishments and private breeders will continue to import improved breed studs.

Livestock and livestock product imports are given in Table 169.

TABLE 167 — Production Targets

(1965 Producer Prices)

Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	1972 1967 = 100	First Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Meat	Thousand Tons	432.0	486.0	2.4	631.0	129.8	5.3
	Million TL	2 586.0	2 941.0	2.6	3 867.0	131.5	5.6
Poultry	Thousand Tons	48.4	58.3		78.3		
	Million TL	324.0	390.0	3.9	524.0	134.5	6.1
Milk	Thousand Tons	2,823.0	3,234.0		4,040.0		
	Million TL	2 597.0	2 975.0	2.7	3 716.0	125.0	4.6
Eggs	Thousand Tons	69.0	88.0		123.0		
	Million TL	276.0	353.0	5.0	490.0	139.8	6.9
Fleece, Mohair and Hair	Thousand Tons	66.0	65.5	—0.1	77.3		
	Million TL	457.0	458.0	0.1	542.0	118.3	3.4
Others (1)	Million TL	4 225.0	4 677.0	2.2	5 747.0	122.8	4.2
Total Value	Million TL	10 465.0	11 794.0	2.4	14 886.0	126.2	4.8

(1) Manure, beasts of burden, inventory increase in silkworms, honey and wax.

TABLE 168 — Total Production

(1000 Tons)

Fodder Types	Quantity	Total Digestable Matter	Total Digestable Matter (%)	Quantity	Total Digestable Matter	Total Digestable Matter (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Grain Fodder	3,862.0	2,967.8	10.8	5,576.8	4,293.8	13.3
Industrial Wastes	1,434.4	972.2	3.5	1,837.0	1,241.9	3.8
Forage Crops	857.1	936.0	1.6	1,811.6	926.7	2.9
Hay	21,326.3	8,980.4	32.7	26,056.0	11,042.6	34.2
Grass and Pastures	21,605.9	1,052.4	38.4	21,843.5	10,655.8	32.9
Stubble, Fallow and Other Grazing Land	7,519.7	3,542.8	13.0	8,748.3	4,178.8	12.9
Total	**56,605.4**	**27,425.6**	**100.0**	**65,873.2**	**32,339.1**	**100.0**
Quantity of Grain Fodder Wastes and Forage Consumed by Poultry	903.3	680.9		1,055.9	796.6	
Grand Total	**57,508.7**	**28,106.5**		**66,929.1**	**33,135.7**	

TABLE 169 — Import Estimates

(At 1965 Prices) (CIF)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967=100 (5)	Second Plan Annual Increase (%) (6)
Merino Fleece	Thousand Tons	9.3	8.3		9.5		
	Million TL	145.0	129.0	— 2.1	149.0	115.0	2.9
Hair	Tons	10.0	20.0		35.0		
	Million TL	0.5	1.0	15.0	1.7	175.0	10.9
Silk-Worm Eggs	Kilogrammes	1.0	650.0	45.4	904.0	139.0	6.8
	Thousand TL	2.0	1,777.0	57.8	2,303.0	129.6	5.3
Studs	Million TL	3.1	3.5	— 2.0	165.0	122.0	4.1
TOTAL VALUE	Million TL	**148.5**	**135.3**	**2.4**	**12.0**	**342.8**	**28.0**

c. INVESTMENTS

Public investments will be made in the installations, equipment and tools required for research, publication, artificial insemination and stud acquisition. Private investments will be made in livestock shelters, stud acquisition and the tools and equipment for marketing.

The details of the investments in animal husbandry are given in the "general" and "investments" subsections of this chapter.

d. VALUE ADDED AND INFLUENCE ON FOREIGN TRADE

(1) Value added

The discussion of value added is given under the "general" subsection of this chapter.

(2) Balance of trade

Comparison of the total demand and supply of livestock products reveals the following.

The demand for fine fleece cannot be met domestically. The balance between supply and demand in meat can be maintained only with difficulty. But the animal husbandry subsector has an export surplus. This surplus is expected to reach not more than TL 200 million by the end of the Second Plan period. The balance of trade is given in Table 170.

3. POLICY MEASURES

a. Measures will be taken to ensure the optimum utilisation of pastures through the improvement, maintenance and organisation of the property rights for pastures. The latter will be given high priority.

TABLE 170 — Balance of Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	279.0	347.0	124.3	4.4
Imports (CIF)	135.3	165.0	122.0	4.1
Difference	143.7	182.0	126.7	4.8

b. Development of improved breeds and increase of their proportion within the total livestock population, together constitute one of the main approaches to the advancement of animal husbandry. At present, the ratio of improved breeds to total cattle population is only 3 per cent. Efforts in research and artificial insemination will be directed towards increasing the ratio of the improved breeds in regions where suitable.

c. The efforts of selective stock breeding will be related to infrastructural investments, and fodder production will be tied to animal husbandry development projects. Stud breeding efforts will be supported within the framework of selective stock breeding programmes. Along with studs of foreign origin, suitable domestic breeds will also be stressed in selective stock breeding.

d. Eighteen per cent of the estimated increase in livestock population will result from better methods of husbandry and from a decline in death rate due to disease control. Therefore, the disease control measures will be geared to meet at least this target.

The public establishments will be responsible for the control and eradication of epidemics. In fighting common diseases and parasites they will provide training, expert advice and help.

The limitations required by disease control measures will be enforced in the movements of herds. The suitable regions will be rendered disease-free.

e. Specific feeding programmes will be devised to optimise the use of existing fodder sources. Quality beef raising will be supported.

f. In the coming ten years the target will be to meet the fine fleece demand domestically. To realise this target the required research, production and establishment of marketing facilities will be supported.

g. Research, training and publication services will be aimed at increasing livestock productivity. Priorities will be given in this context to meat, fine fleece and milk production.

h. Publications will be aimed at educating producers about the technological aspects of feeding, disease control and animal husbandry. They will be incorporated in projects with specific purposes in different regions.

i. The marketing facilities and systems for livestock products will be organised and consumer preferences will be conveyed to producers.

j. To ensure rapid development of poultry farming, private ventures will be encouraged. Selective breeding efforts of the public establishments will be accelerated and private ventures in selective breeding will be supported. The wider use of selective breeding will also be supported.

k. Application of new techniques, such as keeping livestock in open fields, will be popularised.

l. The price policy will be actively utilised in encouraging the development of livestock production.

SEA AND INLAND WATER PRODUCTS

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Fishing techniques will be directed towards searching for sources rather than waiting for migrations at definite areas.

(2) Deep-sea fishing will be developed.

(3) The State will provide leadership in research and application of new techniques.

(4) Production and marketing will be conducted by fishermen's organisations.

b. DEVELOPMENTS AND PROBLEMS

The developments in fishing envisaged in the First Plan period were not realised. It was estimated that there would be a 180 per cent increase in production at the end of the Plan period, but the realised increase was only 40 per cent.

Neither the public nor the private sector have been able either to take the necessary measures and to make the required investments, or to complete the projects undertaken. The facilities that would affect the development of fishing have not been established.

Not only has the transition to deep-sea fishing not been made, but also the potential of coastal fishing has not been fully exploited.

The draft of the fishery products regulations has been prepared but not yet ratified.

There have been no significant and widespread shifts in consumption patterns.

Fishing in Turkey has been confined to limited coastal areas and some inland waters. Legislation does not exist to regulate fishing in accordance with the scientific operation of resources. The marketing of fishery products is not satisfactory due to lack of required facilities, tools, equipment and organisation. Technological backwardness and the non-availability of equipment and facilities forces fishing to be confined to the coasts. Turkey with its immense stretch of coasts is known to have a much higher fishing potential than that which is being exploited today. But since a method of fishing based on the search for sources is not being applied, the fish caught did not reach 200,000 tons.

Fishing in inland waters can exploit only 20 per cent of the existing potential. The fishing potential of those areas where no game regulation is in force can make a significant contribution to the total amount of fishery products.

2. TARGETS AND PROJECTIONS OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic demand

During the Second Plan period it is estimated that the annual increase in domestic consumption will be 7.6 per cent as opposed to 6.6 per cent during the First Plan period.

Sixty-five per cent of fishery products are consumed fresh; 35 per cent are consumed in dried, salted or processed form.

It is estimated that per capita consumption of fishery products will increase from 2.3 kilogrammes to 2.8 kilogrammes.

Projections for the total domestic demand are given in Table 171.

(2) Exports

During the First Plan period, on the average 8.7 per cent of fishery products was exported annually. In the Second Plan period it is expected that exports will more than double and reach 12.7 per cent of the total production. This development depends on the transition to deep-sea fishing.

Export estimates are given in Table 172.

b. PRODUCTION AND IMPORTS

(1) Production

The average annual quantity over the last 15 years is 115,000 tons. However, there are fluctuations at regular intervals in coastal fishing. According to these fluctuations, it is expected that around 1970 there will be a significant increase in the fish population of the coastal areas. This phenomenon, as well as an improvement in equipment and the beginning of deep-sea fishing, is given due weight in the calculation of production estimates. The post-1970 production increases will be largely a result of deep-sea fishing. At the same time, the present production conditions of inland waters lend themselves to improvement and increased production possibilities.

Production estimates are given in Table 173.

(2) Imports

Imports of fishery products are not contemplated.

TABLE 171 — Domestic Demand Estimates (At 1965 Prices)

Main Products or Commodity Groups		1962 (1)	1967 Estimates (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Fishery Products	Thousand Tons	82.2	113.2		163.2		7.6
	Million TL	125.0	172.0	6.6	248.0	144.2	

TABLE 172 — Export Estimates (At 1965 Producer Prices)

Main Products or Commodity Groups		1962 (1)	1967 Estimates (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Fishery Products	Thousand Tons	10.0	15.5		36.0		
	Million TL	15.2	23.5	9.2	54.7	232.0	15.6

TABLE 173 — Production Estimates (At 1965 Prices)

Main Products or Commodity Groups		1962 (1)	1967 Estimates (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Fishery Products	Thousand Tons	111.0	155.0		240.0		
	Million TL	169.0	236.0	6.9	365.0	154.7	9.1

c. INVESTMENTS

TABLE 174 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Estimated Realisation 1963 - 1967 Foreign (1)	Estimated Realisation 1963 - 1967 Total (2)	1968 - 1972 Foreign (3)	1968 - 1972 Total (4)
Total Investment in Fishery Products	36.4	168.4	251.3	517.0

TL 57.5 million for investments in fishermen's shelters which were started in the First Plan period but not completed, are incorporated in the total public investments.

Investments in ships, equipment and tools needed for deep-sea fishing are also included in the totals.

d. VALUE ADDED EFFECT ON FOREIGN TRADE

(1) Value added

The value added of this subsector is discussed in the "general" subsection of this chapter.

Fuel consumption is the most significant expense item among the inputs of the sector. Eighty per cent of the inputs in 1967 and 85 per cent in 1972 are fuel expenditures.

(2) Balance of trade

Since no imports are made, this sector has an export surplus.

TABLE 175 — Balance of Trade

(Million TL)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	46.5	108.0	232.0	15.6
Imports (CIF)	—	—	—	—
Difference	**46.5**	**108.0**	**232.0**	**15.6**

3. POLICY MEASURES

a. During the Second Plan period the necessary measures for transition to deep-sea fishing will be taken.

b. Necessary measures will be taken to enable fishermen to complete their gear, equipment and boats in order to extend their fishing expeditions to regions and points farther from the coast.

c. In order to develop fishing methods based on searching and locating techniques, the public sector will provide services to locate fish and inform fishermen.

d. Public sector contributions will be considered for investments which have to be undertaken by the prospective fishermen's co-operatives to obtain facilities, equipment and gear for fishing, and facilities for preserving and distributing products.

e. Measures will be taken to support exports by the fishermen's co-operatives and to increase exports in general.

f. Legislation to regulate fishing techniques and areas for inland fishery will be prepared and should make a significant contribution to total production.

g. Legislation regulating fishery products and fisheries shall be enacted, and a fishery products organisation will be established.

FORESTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The public sector will be responsible for increasing the contribution of this sector to development and for protecting and ensuring the continuity of the forests.

(2) New forests will be established through reforestation and the productivity of the existing ones will be increased by improvements.

(3) Management and public services in forestry will be conducted by separate establishments.

(4) The forest-population interaction will be reviewed in so far as the protection and economic operation of the forest are concerned.

(5) The forest areas will be redetermined with due regard for the existence of the present forests and the soil capacity. This process will be accelerated.

b. DEVELOPMENTS AND PROBLEMS

During the First Plan period, forestry operations were generally conducted within the standards set by the targets. Industrial wood production was 100 per cent realised. The situation was the same in fire wood. The rate of realisation in secondary products like resin, etc., varied between 30 to 50 per cent. The annual rate of development has been 5.5 per cent.

A 500 per cent increase in exports of forestry products was envisaged for the First Plan period. This target was not reached. In industrial wood exports a significent increase was expected, but only 18 per cent of the target rate could be realised.

Only 61 per cent of the 265,000 hectares of land set as a target for in-and-out-of-forest reforestation could be realised. During the period, 19,912 kilometres of forest roads were built and plans for the division of 5.9 million hectares of forest into units for successive cutting were made. The investment targets set for these two categories were fully realised. The rehabilitation targets for poor forests were realised at 145 per cent and reached 345,000 hectares. Work on forest deliniation was better than expected and soil conservation investments in water gathering basins reached 56 per cent of the targets.

One of the major problems that confronts forestry management is the population pressure in forest areas. This pressure and the improper definition of forest areas has led to the deterioration of forest-population relations. The prevailing conditions in villages situated in forests lead villagers to encroach into the forests under various pretexts. This results in the deterioration of forests through uncontrolled grazing, fencing-in of forest land and illegal tree-cutting. In addition, on the average, 7.5 thousand hectares of forests are lost annually due to forest fires, and deterioration of the forests accelerates the rate of erosion.

5.3 million hectares of forest have been completely surveyed, but the incompleteness of the surveys is one of the major problems met in designing production plans. There is an urgent need to complete the surveys by means of aerial photography.

The required flexibility in operation of forest resources, marketing of the products and in exports has not yet been established. The limitations imposed by legislation still prevail. Although 70 per cent of the forests are of poor quality, the full potential of even these is not being exploited. Forest rehabilitation programmes create certain new opportunities. In fact, much higher production could be obtained from forests, which presently exceed 810 million cubic metres.

2. TARGETS AND PROJECTIONS OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic demand

Forest products can be consumed as final products (firewood), intermediate products (paper pulp), or investment goods (mine posts). The estimates are made with these different uses in mind.

(a) The Muğla-Esençay, Çaycuma and Aksu Kraf paper mills, construction of which started in 1968, will considerably increase the demand for timber from 1970 on.

In mines the tendency is to substitute iron for wood in posts, and new technological innovations may do away with wood posts altogether. These considerations are given their due weight in the calculation of demand for mine posts. In the calculation of demand estimates for communication line poles and railroad ties, due weight is given to the trend to substitute concrete for wood.

(b) It is assumed that there will be no increase in the demand for firewood, and that the increased demand for fuel will be met partly by petroleum products and partly by lignite. It is estimated that firewood needs are, in fact, approximately 50 per cent greater than the 8 million tons shown in Table 176. This rate can be taken as an index of the pressure on forests from the standpoint of firewood production and the table shows the actual consumption estimate.

The estimates for domestic demand are given in Table 176.

(2) Exports

Export estimates are shown in Table 177.

In general, it is expected that exports of forestry products will reach significant levels. The export of certain products like cedar, beech and valonia is possible, but the possibility of increasing the export of forest by-products is rather slim. On the other hand, there is a real possibility of increasing the export of beechwood. The factors that limit exports are: unclear identification of the organisations authorised to export; lack of standardisation; and, in certain circumstances, high domestic prices. Finished product exports are also being considered in the long-run. During the Second Plan period the target is to increase forest products. The aim will be to exceed the figures given in Table 177.

5

TABLE 176 — Domestic Demand Estimates

(At 1965 Producer Prices)

Main Products or Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Timber	Thous. Cubic Metres	2,385.2	3,599.0		6,164.2		
	Million TL	536.7	809.7	8.5	1 386.9	171.3	11.5
Mine Posts	Thous. Cubic Metres	549.0	405.8		400.0		
	Million TL	85.6	63.3	—5.8	62.4	98.6	—0.3
Posts for Communication Lines	Thous. Cubic Metres	32.0	51.2		40.0		
	Million TL	9.7	15.5	9.8	12.1	78.1	—4.8
Industrial Lumber	Thous. Cubic Metres	220.0	526.0		545.0		
	Million TL	27.7	66.2	19.1	68.6	103.6	0.7
Firewood	Million Tons	8.0	8.0		8.0		
	Million TL	528.0	528.0	—	528.0	100.0	—
Resin	Thous. Tons	3.0	3.0		4.5		
	Million TL	6.0	6.0	—	9.0	150.0	8.4
Other By-Products	Million Tons	41.1	37.6	—2.0	39.9	106.1	1.2
Total Value	Million TL	1 234.8	1 526.3	4.3	2 106.9	138.0	6.7

TABLE 177 — Foreign Demand (Export) Estimates

(At 1965 Producer Prices)

Main Products or Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Timber	Thous. Cubic Metres	14.0	13.0		40.0		
	Million TL	3.2	2.9	—1.5	9.0	307.6	
Tar	Tons	50.0	60.0		60.0		
	Million TL	1.5	1.8	3.7	1.8	100.0	—
Resin	Thous. Tons	—	—		3.0	—	—
	Million TL	—	—		6.3	—	—
Other By-Products	Thous. Tons	5.9	9.4	9.7	10.1	107.4	1.4
	Million TL						
Total Value	Million TL	**10.6**	**14.1**	**5.9**	**26.9**	**190.8**	**13.8**

b. PRODUCTION AND IMPORTS

(1) Production

TABLE 178 — Structure of Forests

(Million Hectares)

Operational Method	Normal	Poor	Total
Timber Forests	2.2	2.8	5.0
Forests where Villagers Have the Right to Cut Firewood	1.7	3.9	5.6
Total	**3.9**	**6.7**	**10.6**

As the figures of Table 178 show, 64 per cent of the forests are of poor quality and their productivity is low. It is estimated that the yield of normal timber forests is 3 cubic metres per hectare and that of poor timber forests, 1.46 cubic metres. Other types of forests yield on the average 0.482 cubic metres per hectare. Targets are set with these figures in mind, but the forestry products to be obtained through forest rehabilitation are given due weight.

Production estimates are given in Table 179.

(a) WOOD PRODUCTION ESTIMATES

The target is to meet domestically the demand of the wood and paper industries and the demand for mine posts and poles for communication lines. It is estimated that 10 per cent of the production will come from sources outside the State forests.

(b) FIREWOOD PRODUCTION ESTIMATES

The firewood production of State forests, which is at present 6.2 million tons, will be reduced to the normal production capacity of 3.5 million tons. However, through rehabilitation and improvements another 3.5 million tons will be added to make the total production 7 million tons.

The most important factor is the continuation of forest rehabilitation and improvement within the framework of the investment targets.

Moreover, it is estimated that 1 million tons of firewood will be obtained from 2.5 million hectares of orchards, vineyards, brushlands and privately owned oaks, chestnuts, poplars, etc.

(c) BY-PRODUCT ESTIMATES

Although the potential production capacities of by-products are as follows: pine tar 150 tons, resin 10 - 12,000 tons and acorns 30 - 40,000 tons, the production figures in the tables are estimates of domestic consumption and exports. This is due to the fact that storage of these by-products over a period of time would result in a decline in quality and loss of value.

TABLE 179 — Production Estimates (At 1965 Producer Prices)

Main Products or Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Timber	Thous. Cubic Metres	2,398.0	3,608.0	—	6,200.0		
	Million TL	539.5	811.8	8.5	1 395.0	168.5	11.0
Mine Posts	Thous. Cubic Metres	504.0	405.8		400		
	Million TL	78.8	63.3	—4.3	62.4	114.2	2.7
Posts for Communication Lines	Thous. Cubic Metres	32.0	51.2		40.0		
	Million TL	9.7	15.5	9.8	12.1	114.2	2.7
Industrial Lumber	Thous. Cubic Metres	220.0	430.0		545.0		
	Million TL	27.7	54.1	14.3	68.6	126.8	4.9
Firewood	Million Tons	8.0	8.0		8.0		
	Million TL	528.0	528.0		528.0	100.0	—
Resin	Thous. Tons	3.0	3.0		7.5		
	Million TL	6.0	6.0		15.0	250.0	20.0
Pine Tar	Tons	30.0	50.0		60.0		
	Million TL	0.9	1,5	10.7	1.8	120.0	3.7
Other By-Products	Million TL	47.0	47.0		50.0	106.4	1.3
Total Value	**Million TL**	**1 237.6**	**1 527.2**	**4.3**	**2 132.9**	**139.6**	**6.9**

TABLE 180 — Import Estimates (At 1965 Importer Prices)

Main Products or Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Timber (Exotic)	Thous. Cubic Metres	1.2	4.1		4.2	102.4	0.5
	Million TL	0.5	1.7		2.2		
Mine Posts	Thous. Cubic Metres	44.0	—				
	Million TL	8.9	—				
Paper Pulp	Thous. Cubic Metres	—	96.0		2.8	—	—
	Million TL	—	23.0		—	—	—
Other	Million TL	—	—		—	—	—
Total Value	**Million TL**	**9.4**	**24.7**		**5.0**	**—**	**—**

(2) Imports

It is estimated that domestic production of certain types of by-products such as veneers, etc. will fall short by 5,000 cubic metres annually, on the average, and that this amount will have to be imported.

Since the demand for mine posts can be met domestically, no imports are expected in this area.

It is estimated that in 1968 - 1969 60,000 cubic metres of paper pulp will be imported annually. Since the increase in domestic production will later meet demand, there will be no need to import this product after 1969.

c. INVESTMENTS

Investments are discussed in the "general" subsection of this chapter.

d. VALUE ADDED AND EFFECT ON FOREIGN TRADE

(1) Value added

Value added of forestry is discussed in the "general" subsection of this chapter.

(2) Effect on foreign trade

The balance of trade is given in Table 181. During the Second Plan period this sector will have an export surplus.

TABLE 181 — Balance of Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	24.7	5.0	—	—
Imports (CIF)	—6.4	32.5	—	—
Difference	18.3	37.5	204.9	15.5

3. POLICY MEASURES

a. Public forest services will be separated from forestry management and operation of the forests will be entrusted to a separate state enterprise. This enterprise will be responsible for production and for the domestic and foreign marketing of forestry products, ensuring the optimum utilisation of forest resources.

b. The development of forestry production, without endangering forest resources, depends on the availability of a complete and dependable inventory of the forests. At present only 50 per cent of the forests have been sufficiently surveyed. In forestry work surveys will be given priority and the goal is their completion before the end of the Second Plan period. The aerial photography required for surveys and forest control work will be given priority.

c. The management and operation goals of the forests will be redefined in regions where quality products are available in order to promote the possibility of producing the quality of products required by the technology of the newly developing forest products in order to promote the possibility of producing the quality of products required by the technology of the newly developing forest products industry. The surveys of these forests will be done in accordance with the new goals.

d. The necessary forest road networks will be planned and constructed to increase production of the forests, to transport produce to the markets on time and to facilitate forest rehabilitation and improvement.

e. Forest deliniation affects the realisation of important investments like reforestation, rehabilitation and soil conservation, and has special importance with regard to forest-public relations. The carrying-out of these deliniations will be given priority in areas where the above-mentioned relations require urgent reorganisation. Along with the concept of forest preservation, reorganisation of forest-public relations will be stressed in setting the boundaries and defining the terms of the use of forest resources.

f. Reforestation in poor forest areas will follow the guidelines of the forest control principles, will parallel forest rehabilitation and improvement and, in areas where erosion problems prevail, will aim at soil conservation. Nurseries will be established close to the reforestation areas and temporary nurseries will be established to meet the necessary requirements of reforestation schemes.

g. The export of forestry products will be increased through the attainment of required standards, quality and appropriate prices. Priority will be given to the export of finished products.

MINING

MINING SECTOR

1. OBJECTIVES

Although the geological resources of Turkey are large and diversified, the known underground resources suitable for large-scale, profitable extraction are rather limited due to the inadequacy of reserve estimates. Of the important resources, those known to be suitable for extraction and marketing such as copper, petroleum, bauxite lignite, wolfram, magnesite, boracite and mercury, will be emphasised during the Second Plan period. If significant increases cannot be made to these resources during the Second Plan period, the preparation of large-scale mining projects for the Third Five-Year Plan period will not be possible. This requirement necessitates the direction of mining activities during the Second Plan period, under the objectives shown below.

a. EXPLORATION

Mineral and crude oil exploration activities will be continued more effectively and rapidly. Disorganised and haphazard exploration activities will be discontinued and work will be concentrated on the known metallogenic areas and on certain metals.

b. EXTRACTION

(1) Legal measures to enable the mobilisation of mining areas will be implemented rapidly.

(2) The exploitation of mineral and oil deposits will be accelerated as much as possible, within the framework of economic criteria and marketing potentialities.

(3) In mining and petroleum activities the principal objective is to keep the value added within the country at the highest rate possible.

(4) The most important prerequisite for a successful mining operation is the existence of enterprises equipped with large capital and vast technological potential. The largest undertakings in this field will be by public sector enterprises, and those currently dealing with the exploration and extraction of minerals and oil will be reinforced financially, technically and organisationally.

(5) There are many other investment opportunities within the mining sector which would not need large investment or experience and which could easily become export-oriented activities. Such opportunities concern resources such as magnesite, borate, fluoride, asbestos, marble, emery, etc. Sufficient financial resources will be made available for the private sector in order to make use of these deposits.

TABLE 182 — Domestic Demand Estimates

(Million TL)
(Quantity : Tons)
(At 1965 Prices)

Commodity		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Coal Bituminous	Quantity	3,982,700	5,000,000	—	6,250,000		
	Value	470	589	4.6	736	124.9	4.6
Lignite	Quantity	2,979,000	5,600,000		8,500.000		
	Value	179	536	13.4	510	151.8	8.7
Iron Ore	Quantity	422,000	1,800,000		3,200,000		
	Value	12.7	54	34.0	96	177.8	12.1
Non-Ferrous Metals	Value	122	201	10.4	515.8	256.6	20.7
Crude Oil	Quantity	2,886,400	5,500,000		10,000,000		
	Value	144.3	275	13.9	500	181.8	12.6
Other Mining and Quarring	Value	225	358.8	9.7	872.9	243.3	19.6
Total Value		**1 153.0**	**1 813.8**	**9.4**	**3 233.7**	**178.3**	**12.2**

2. DEVELOPMENTS IN THE MINING SECTOR

a. DOMESTIC DEMAND

During the First Plan period substantial increases were recorded in domestic demand in the mining sector, particularly for iron ore.

With the establishment of the third iron and steel mill, the increase in demand for iron ore is expected to continue more rapidly during the Second Plan period. Likewise, the demand for non-ferrous metallic ores, such as copper and aluminium, will increase substantially upon completion of the investment projects initiated by the public sector. The demand for phosphorite is also expected to rise with the establishment of new fertilizer plants.

b. EXPORTS

During the First Plan period, the export volume of non-ferrous metals was higher than the export volume of other mining products. However, as a result of the rapid increase in the export of borate salts and magnesite, both included under "Other mining products", and the increasing possibilities for domestic processing of non-ferrous metals, the export of ores falling within the scope of "Other mining and quarry products" will exceed the export of non-ferrous metals towards the end of the Second Plan period.

c. PRODUCTION

In the Second Plan period, production of the mining sector is expected to rise at a higher rate than that of the First Plan period. Upon completion of the large projects related to iron, copper, aluminium, pyrite, mercury, wolfram, borate salts and magnesite, a substantial increase will be recorded in the production of the mining sector. The export of these ores after being processed by the metallurgy and chemical sectors, or the realisation of import substitution after processing, will also provide an important source of foreign exchange for Turkey.

d. IMPORTS

During the Second Plan period crude petroleum imports are expected to decline as a result of the increase in domestic oil production, and phosphorite, needed as a raw material by the developing fertilizer industry, will occupy an important place in Turkey's imports. Owing to the low quality of phosphorite deposits in Turkey, and to the failure to attain favourable results from the studies carried out to enrich these deposits, the importation of phosphate rocks from abroad is considered indispensable.

e. INVESTMENTS

During the Second Plan period, oil and mineral exploration activities will have the highest priority in the public sector investments. Out of TL 3 billion foreseen in the Plan for public investments in the mining sector, TL 1.5 billion will be earmarked for exploration activities. Of this sum, TL 900 million is expected to be used for mining explorations and TL 600 million for oil explorations. Significant increases are expected in the private sector investments to be made in the industrial raw materials falling within the scope of "Other mining and quarry products".

The capacity of the petroleum pipe line which was put into operation in 1967, will, with some additions, be sufficient to carry the production which is expected to be reached by 1972. However, new transportation capacities will have to be considered as of 1971, in order to meet the requirements to come about in the Third Plan period.

TABLE 183 — Export Estimates (1)

(Million TL)
(At 1965 Prices)

Commodity	1962	1967	First Plan Annual Increase (%)	1972	1972 Index 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Non-Ferrous Metals	107	114	1.2	155.2	136.1	6.3
Other Mining and Quarrying	23	86.2	30.2	158.1	183.4	12.8
Total	**130**	**200.2**	**9.0**	**313.3**	**156.5**	**9.3**

(1) Valued at quarry prices

TABLE 184 — Production Targets

(Million TL)
(Quantity : Tons)
(At 1965 Producers Prices)

Commodity		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Coal : Bituminous	Quantity	3,893,000	5,000,000		6,250,000		
	Value	459.4	589	5.0	736	125.0	4.6
Lignite	Quantity	2,979,000	5,600,000		8,500,000		
	Value	178.8	336	13.4	510	151.8	8.4
Iron Ore	Quantity	813,000	1,800,000		3,200,000		
	Value	24.4	54	17.2	96	177.8	12.3
Non - Ferrous Metallic Ores	Quantity	—	—	—	—	—	—
	Value	280	315	2.3	671	213.0	16.3
Crude Petroleum	Quantity	595,400	2,400,000		6,000,000		
	Value	29.8	120	32.0	300	250.0	20.1
Other Mining and Quarrying	Quantity	—	—	—	—	—	—
	Value	250	416	10.7	811	194.9	14.2
TOTAL	Value	1 222.4	1 830	8.4	3 124	170.7	11.1
Value Added		930	1 400	8.3	2 350	168.0	10.9

TABLE 185 — Import Estimates

(Million TL)
(Quantity : Tons)
(At 1965 Prices) (CIF)

Commodity		1962	1967	Annual Increase (%)	1972	Index 1967 = 100	Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Crude Petroleum	Quantity	2,269,000	3,100,000		4,000,000		
	Value	317	434	6.3	560	129.0	5.2
Other Mining and Quarring	Quantity	—	—		—		
	Value	13.8	29	16.0	220	758.6	50.0
Total Value		**331.5**	**463**	**6.9**	**780**	**168.5**	**11.0**

TABLE 186 — Mining Investments

(Thousand TL)
(At 1965 Prices)

	First Plan Total (Estimated)	Second Plan Total
	(1)	(2)
1. Production Investments :		
Coal	745,044	880,000
Iron Ore	75,447	77,000
Non-Ferrous Metallic Ores	337,685	746,000
Crude Petroleum	418,600	290,000
Other Mining and Quarrying	140,911	292,000
Total	1,717,687	2,285,000
2. Exploration Investments :		
Petroleum	870,000	925,000
Metals other than Petroleum	288,400	890,000
Total	1,158,400	1,815,000
Grand Total	**2,876,087**	**4,100,000**

(Million TL)
(At 1965 Prices)

TABLE 187 — Balance of Foreign Trade

	1962	1967	First Plan Annual Increase (%)	1972	1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Exports (FOB)	148.3	252	11.1	380	150.8	8.6
Imports (CIF)	331.5	463	6.8	780	168.5	11.0
Difference	—183.2	—211	2.9	400	189.6	13.7

3. COAL MINING

a. DEVELOPMENTS DURING THE FIRST PLAN PERIOD

During the First Plan period, the average rate of increase in bituminous coal production amounted to 5 per cent per annum. As the geological nature of the existing bituminous coal basin does not permit a higher rate of increase in production, it has been necessary to make greater use of other sources of energy in order to meet the domestic demand for fuel. As a matter of fact, fuel-oil and lignite consumption rose rapidly. During the First Plan period, the production and consumption of lignite rose at an average rate of 13 per cent per annum. Production targets foreseen in the First Plan for coal mining have thus been realised.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

The relative share of bituminous coal in world energy consumption is rapidly declining. Increasing difficulties in the exploration of coal reserves and the high cost of transportation have eliminated the competitive advantage of bituminous coal against petroleum and natural gas, which are cheaper and more practical. Due to the lack of natural gas in Turkey, fuel-oil is increasingly replacing coal in industry and in the heating of buildings. Natural gas exploration and the development of coal deposits close to consumption centres will be given high priority during the Second Plan period.

4. IRON ORE MINING

a. DEVELOPMENTS DURING THE FIRST FIVE-YEAR PLAN PERIOD

Iron ore production and consumption targets foreseen in the First Plan were realised during the Plan period. With the establishment of the second iron and steel mill, during this period domestic production and consumption of iron ore rose almost 2.5-fold.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

With the expansion of the Ereğli Iron and Steel Mills and the establishment of the third iron and steel mill, domestic demand for iron ore is expected to increase by 80 per cent. Although the known iron ore reserves of Turkey are not very rich, they are at a level to meet the domestic demand of 2 - 3 million tons. During the Second Plan period, while trying to accelerate iron ore exploration, efforts will be made to meet the demand for iron ore through domestic production, within economic criteria and with high priority, by making use of all existing reserves and by increasing the production of those which are not exploited economically due to financing difficulties.

The possibilities of making use of the local low-quality iron ore will be investigated.

5. NON-FERROUS METALLIC ORE MINING

a. DEVELOPMENTS DURING THE FIRST PLAN PERIOD

Targets foreseen in the First Plan for mining non-ferrous metallic ores could not be realised and facilities for wolfram mining could not be established. Manganese and pyrite production was realised below the Plan estimates, chromium and copper production was realised almost at the levels foreseen in the Plan and mercury exceeded the Plan estimates. This last development was mainly caused by a significant increase in world mercury prices during the last few years.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

(1) Demand

TABLE 188 — Domestic Demand Estimates

(Million TL)

(At 1965 Prices)

Basic Goods	1967 Tons (1)	1967 Value (2)	1972 Tons (3)	1972 Value (4)	Rate of Increase (%) (5)
Aluminium Ore			250,000	12.5	
Antimony (Regulus)	50	0.8	50	0.8	
Copper Ore	1,270,000	182.0	4,070,000	375.0	15.4
Mercury (Metal)	20	3.0	40	6.0	14.9
Chrome Ore	25,000	3.0	110,000	13.2	37.0
Lead-Zinc (Concentrated)		8.1		10.4	5.1
Manganese Ore	20,000	2.0	70,000	7.0	28.5
Pyrites (Ore)	12,000	2.1	500,000	90.9	106.0
Total		**201.0**		**515.8**	**20.7**

With the completion of the new metallurgical installations planned by the public sector, the full amount of aluminium, copper and pyrite production, 100,000 tons of the total chromium production and 70,000 tons of the total manganese production will be processed and utilised within Turkey.

TABLE 189 — Export Estimates

(Million TL)
(At 1965 Producers Prices)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Antimony (Concentrated)	3,840	6.9	5,450	9.8	7.3
Mercury (Metal)	155	23.0	350	52.5	18.0
Zinc-Lead (Concentrated)	7,800	3.9	19,200	9.6	19.8
Chrome Ore (Concentrated)	500,000	60.0	500,000	60.0	—
Manganese Ore	25,000	2.5	50,000	5.0	14.9
Pyrite Ore	118,000	17.7	—	—	—
Wolfram (Concentrated)	—	—	1,200	18.3	—
Total	—	**114.0**	—	**155.2**	**6.3**

2. Production Estimates

Production activities related to aluminium and wolfram deposits will be initiated during the Second Plan period. Substantial increases will be recorded in the production of copper, copper-pyrite and mercury. Favourable results are being obtained from manganese exploration and new production potentials will be investigated in this field.

TABLE 190 — Domestic Production Estimates

(Million TL)
(At 1965 Producers Prices)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Aluminium Ore	—	—	250,000	12.5	—
Antimony Ore	50,000	7.7	75,000	10.6	6.5
Copper Ore	1,270,000	182.0	4,070,000	375.0	15.5
Mercury (Metal)	175	26.0	390	58.5	17.7
Zinc-Lead (Ore)	60,000	12.0	100,000	20.0	10.9
Chrome Ore	525,000	63.0	610,000	73.2	3.1
Manganese Ore	45,000	4.5	120,000	12.0	21.6
Pyrite	130,000	10.8	500,000	90.9	38.5
Wolfram (Concentrated)	—	—	1,200	18.3	—
Total	—	**315.0**	—	**671.0**	**16.3**

6. CRUDE PETROLEUM

a. DEVELOPMENTS DURING THE FIRST PLAN PERIOD

Prior to 1962, crude petroleum in Turkey was refined at the Batman Refinery only and the demand of this refinery was met through domestic production. In 1962, two more refineries entered into service. During the First Plan period, the demand for petroleum recorded an increase parallel to the rise in demand for and production of petroleum products. As a result of these developments, Turkey began to import crude petroleum instead of refined products.

Moreover, the volume of domestic crude petroleum refined at the Turkish refineries rose constantly throughout the First Plan period. The relative share of domestic crude petroleum in the total volume of petroleum consumed by refineries, rose from 18.7 per cent in 1963, to 32.1 cent in 1965 and to 43.6 per cent in 1967.

During the First Plan period, private and public firms and enterprises began to produce petroleum in areas which they have found to be economically suitable and rich such as Basur, Selmo, Beykan, Batıkayaköy, Çelikli, Bada and Sahaban, along with those where they have carried out explorations with the augmentation of the transportation capacity which was adversely effecting production. Crude petroleum production, which stood at 744.9 thousand tons in 1963 rose to 1 million 534 thousand tons in 1965. However, this increase is far from meeting the current level of demand.

The total volume of the presently known crude petroleum reserves suitable for economical extraction amounts to 305,150,000 barrels, or approximately 45 million tons, on the basis of the most dependable information. The total production of the wells from these reserves amounts to 2.5 million tons per annum. No dependable information, however, is available on the quantity or quality of these reserves.

The most important problems requiring a solution in the field of crude petroleum during the Second Plan period, are : obtaining information on the capacity and characteristics of the reserves already discovered; placing emphasis on explorations outside the areas known to contain oil and upon discovering new oil fields; making an effort to attain greater success in explorations and to increase the productivity of wells and making more economical use of the heavy crude petroleum.

b. TARGETS AND ESTIMATES FOR THE SECOND PLAN PERIOD

(1) Demand

The demand for crude petroleum has been calculated on the basis of the crude petroleum required to be processed in the refineries in order to meet the need for petroleum products.

As shown in Table 182, the demand for crude petroleum is estimated to rise from 5.5 million tons in 1967 to 10 million ton in 1972 and thus register an average increase of 10.6 per cent per annum.

(2) Production and Imports

(a) Production

In order to meet the greatest part possible of the increasing demand for crude petroleum through domestic production, it has been assumed that during the Second Plan period, while making efforts to increase the production potential through new discoveries, the yield of the producing wells will be increased, new wells will be opened in conformity with the economic criteria, and production will be increased by making use of the heavy crude petroleum. Under these assumptions the production of crude petroleum is expected to register an average increase of 20.1 per cent per annum and to rise from 2.4 million tons in 1967 to 6 million tons in 1972. Realisation of these production estimates depends on finding a rapid solution to the problems faced in this sector of the economy.

(b) Imports

During the Second Plan period, the portion of demand for crude petroleum which cannot be met through domestic production will continue to be imported. Realisation of the import estimates indicated in Table 185 depends upon achievement of the production targets. As shown in the same table, crude petroleum imports, based on 1967 imports, are expected to rise by an average rate of 5.2 per cent per annum.

7. OTHER MINING AND STONE QUARRY PRODUCTS

a. DEVELOPMENTS DURING THE FIRST FIVE-YEAR PLAN PERIOD

During the First Plan period substantial increases were recorded in the production of borate salts and magnesite, in particular These two basic goods were influential in increasing the production and exports over and above Plan targets in the First Plan period.

b. TARGETS AND ESTIMATES FOR THE SECOND FIVE-YEAR PLAN PERIOD

(1) Demand

During the Second Plan period, fertilizer plants to be established will cause a rapid increase in the need for phosphorite, boric acid and borax plants to satisfy the demand for borate salts, and an asbestos-cement plant for the demand for asbestos.

TABLE 191 — Domestic Demand Estimates

(Million TL)
(At 1965 Producer Prices)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Asbestos	10.000	11.74	20,000	20.8	12.1
Barite	2,800	0.56	4,000	0.8	7.3
Borate Salts	10,000	2.0	55,000	11.0	38.0
Fluoride	5,000	2.21	5,700	2.3	0.9
Phosphoride	165,000	19.2	1,600,000	210.0	60.0
Sulphur	24,000	12.0	26,000	13.0	1.6
Meerschaum	30	0.74	100	2.5	27.5
Marble	40,000	10.0	50,000	12.5	4.6
Other Mining and Quarry Products	—	300.35	—	600.0	14.7
Total	—	**358.8**	—	**872.9**	**19.6**

Substantial increases observed in the export of borate salts and magnesite during the First Plan period are expected to continue in the Second Plan period.

TABLE 192 — Export Estimates

(Million TL)
(At 1965 Producer Prices)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Asbestos	—	—	2,000	1.9	—
Barite (Grained)	3,700	0.74	10,000	2.0	22.0
Borate Salts	240,000	48.0	370,000	74.0	9.1
Meerschaum	50	1.56	80	2.3	9.5
Magnesite	—	29.0	—	60.9	16.0
Marble	8,000	2.0	20,000	5.0	20.1
Emery	20,000	1.5	80,000	6.0	32.0
Others	—	3.5	—	6.0	11.2
Total		**86.2**		**158.1**	**13.0**

(2) PRODUCTION AND IMPORTS :

TABLE 193 — Production Estimates

(Million TL)
(At 1965 Producer Prices)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Asbestos	7,500	7.1	20,000	19.0	21.7
Barite	6,500	1.3	14,000	2.8	16.6
Borate Salts	250,000	50.0	425,000	85.0	11.2
Fluoride	2,300	0.9	5,000	2.0	17.3
Sulphur	24,000	12.0	26,000	13.0	1.6
Meerschaum	80	2.2	180	4.8	16.9
Magnesite	182,000	29.0	375,000	60.9	16.0
Marble	48,000	12.0	70,000	17.5	7.8
Emery	20,000	1.5	80,000	6.0	32.0
Other Mining and Quarry Products		300.0		600.0	14.9
Total		**416.0**		**811.0**	**14.2**

As a result of the developments in the volume of domestic demand and exports, an increase will also be recorded in the production of minerals falling under the category of other mining and stone quarry products.

TABLE 194 — Import Estimates

(Million TL)
(At 1965 Prices) (CIF)

Basic Goods	1967		1972		Rate of Increase (%)
	Tons	Value	Tons	Value	
	(1)	(2)	(3)	(4)	(5)
Asbestos	2,500	4.64	2,000	3.7	— 3.5
Fluoride	2,700	1.31	700	0.3	— 12.0
Phosphoride	165,000	19.20	1,600,000	210.0	60.0
Others	—	3.85	—	6.0	9.7
Total		**29.0**		**220.0**	**50.0**

The most significant place in imports will be occupied by fluoride. Due to the low quality, over 100 million tons of phosphate reserves in Turkey are not considered economically profitable. Efforts exerted in this field will continue during the Second Plan period.

8. MEASURES

a. The Mining Law will be revised to facilitate the establishment of large-scale national enterprises and to stimulate the exploitation of mining fields.

b. Necessary legal measures will be taken and fiscal facilities provided to ensure the employment of a sufficient number of trained technical personnel by the mining and petroleum administration in order to render these organisations capable of carrying out their assigned functions properly.

c. The public enterprises, Etibank in particular, engaged in mining activities will strengthen their exploration units and render them capable of carrying out detailed exploration and technical studies.

d. The high cost of railway transportation and of port services unfavourably effects mining products, the export prices of which are low, and consequently limits their export potentialities. For this reason, railway and port tariffs related to the mining sector will be revised by the Ministry of Transportation and Communication.

MANUFACTURING INDUSTRY

1. INTRODUCTION

Development of the manufacturing industry will be given the highest priority during the Second Plan period and GNP is expected to rise by TL 34.3 billion. Of this planned increase a significant portion, as high as 38.6 per cent, will be contributed by the manufacturing industry. As a result of projects to be realised in the Second Plan period, Turkey will enjoy the possibility of entering the Third Plan period with a structure capable of making significant progress in industrialisation. However, achievement of the targets planned for the manufacturing industry depends upon the timely availability of sufficient financial resources and, to a large extent, upon removal of the drawbacks existing in industrial organisation, a simple and clear definition and implementation of the incentive measures, and the rapid improvement of technical staff and services.

The principal features of the problems facing the manufacturing industry at the time of entering the Second Plan period are summarised below.

2. PROBLEMS FACING THE MANUFACTURING INDUSTRY

a. INDUSTRIAL ORGANISATION

The principal characteristic of the organisational set-up in the manufacturing industry is that a great number of small and medium-size enterprises are operating as scattered all over the country. Although significant increases have been recorded in industrial output during the last ten years, particularly after adoption of the quota system for imports, industrial organisation has been left to its own development and consequently the present structure came about owing to the fact that the framework and direction of the industrialisation movement have not been clearly defined and coherent priorities have not been established.

The size of an enterprise is determined by the number of workers it employs. Distribution of enterprises on this basis and according to the various branches of industry for 1963, is indicated in Table 195.

It may be said that no significant changes took place in the organisational structure during the First Plan period. As shown in Table 195, out of 5,925 enterprises in both the public and private sectors, only 6.6 per cent employ more than 100 workers.

However, in recent years it has been observed that the existing enterprises increased their production capacity and strengthened their financial position and that new enterprises preferred to organise themselves as joint stock companies and began to operate with larger amounts of capital.

TABLE 195 — Distribution of the Enterprises in the Manufacturing Industry According to the Number of Workers (For 1963)

	4 - 5 (1)	6 - 10 (2)	11 - 25 (3)	26 - 50 (4)	51 - 100 (5)	101 - 200 (6)	201 - 300 (7)	301 - 800 (8)	800 + (9)	Total (10)	Distribution (%) (11)
Food	311	333	291	144	87	34	9	5	8	1,222	20.6
Beverages	22	14	7	6	3	—	—	—	1	53	0.9
Tobacco	1	2	4	1	—	—	—	4	2	14	0.2
Textiles	258	211	217	139	103	49	17	34	28	1,056	17.8
Clothing	57	46	42	16	6	7	2	1	—	176	3.0
Wood and Furniture	189	110	49	20	11	3	2	—	1	385	3.5
Paper	14	7	10	1	4	—	—	1	1	38	0.6
Printing	67	63	43	30	10	7	1	—	—	221	3.7
Hides and Leather	89	40	32	15	8	1	—	1	1	187	3.2
Rubber and Plastics	98	89	95	28	23	7	1	2	3	346	5.8
Chemicals	143	100	103	37	37	23	8	5	2	458	7.7
Petroleum Products	—	—	—	1	3	—	—	2	2	8	0.1
Non-Metallic Products	54	61	55	31	37	11	7	17	4	277	4.7
Iron-Steel and Metallurgy	71	77	40	31	26	6	2	6	2	261	4.4
Metal Products	140	106	79	43	22	6	3	2	—	401	6.8
Machinery and Agricultural Implements	94	73	56	19	12	5	2	4	2	267	4.5
Electrical Machinery	28	37	33	22	16	8	2	6	3	155	2.6
Transportation Means	65	34	20	13	7	6	1	3	5	154	2.6
Other Products	81	66	53	20	28	5	2	1	—	246	4.2
Grand Total	**1,771**	**1,467**	**1,234**	**626**	**434**	**176**	**59**	**93**	**65**	**5,925**	**100.0**
Distribution (%)	29.9	24.8	20.8	10.6	7.3	2.9	1.0	1.6	1.1	100.0	

Source : Union of Chambers of Commerce, Industry and Commodity Exchanges of Turkey and the State Planning Organisation.

In order to realise the industrial development planned for the Second Plan period, this favourable tendency ought to be accelerated. The nominal capital positions of the companies established within the industrial and non-industrial sectors in Turkey during the period 1961 - 1965, are shown in Table 196.

The principal factors preventing the development of large-scale industrial enterprises in Turkey are the failure to establish a capital market, the limited spirit of co-operation among the Turkish entrepreneurs and the inadequacy of the executive staff.

b. EFFECTIVENESS IN LEGISLATION AND INCENTIVE MEASURES

In order to accelerate industrial development and encourage investment the existing incentive measures were implemented and certain new incentives were introduced during the First Plan period. Incentive measures implemented to this effect during the Plan period are as follows :

(1) Regulations on the utilisation of domestic products in investments.

(2) Regulations governing the operation of the assembly industries.

(3) Investment allowance system.

(4) Changes in customs taxes and duties.

(5) Installment payment of customs taxes and duties on investment goods.

(6) Installment payment of production taxes on goods of investment nature produced locally.

(7) Quota system and import restrictions.

(8) Tax rebate system in exports.

(9) Extension of selective credits, through Central Bank rediscounts, to the appropriate branches of industry.

(10) Allocation of additional foreign exchange to exporters for the imported raw material and auxiliary goods used in production of the finished products exported.

(11) Raw materials produced by the public sector and used in the production of industrial products for export will be made available to exporters at the world market prices.

(12) Financing the production of industrial goods produced for export at a low rate of interest.

(13) Amortisation through the method of diminishing balances.

TABLE 196 — New Companies Organised

(Thousand TL)

	1961			1962			1963			1964			1965			1965 Index 1961 = 100	
	Number	Value	Partners	Number	Value	Partners	Number	Value	Partners	Number	Value	Partners	Number	Value	Partners	Value	Partners
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Private Companies	1,678	163,237	97	1,707	168,009	98	1,702	191,587	113	1,451	168,684	116	1,526	158,537	104	97	107
Co-Partnerships	1,391	139,497	103	1,408	145,756	104	1,354	161,842	120	1,096	138,094	126	1,070	113,799	125	96	121
Joint-Stock Co.	137	22,915	167	156	20,815	133	149	27,284	183	163	29,151	179	149	22,888	154	100	92
Co-operatives	150	825	6	143	1,438	10	199	2,461	124	192	1,439	7	307	1,850	6	224	100
Capital Companies	161	173,769	1,080	192	417,984	2,177	240	224,631	936	265	196,117	740	289	469,528	1,625	270	150
Limited Liability Companies	125	122,449	980	164	41,892	255	184	51,706	281	204	57,032	280	207	75,280	364	61	37
Incorporated Companies	36	51,320	1,425	28	376,092	13,432	56	172,925	3,088	61	139,095	2,280	82	394,248	4,808	768	337
Total	**1,839**	**337,006**	**183**	**1,899**	**585,993**	**308**	**1,942**	**416,218**	**214**	**1,716**	**364,811**	**213**	**1,815**	**628,065**	**346**	**186**	**189**

Source : Union of Chambers of Commerce, Industry and Commodity Exchanges of Turkey.

This series of measures has been influential in the development of industry and in the exportation of industrial products. However, because of the lack of a co-ordinated policy among the various departments responsible for the formulation of these incentive measures, their implementation did not produce the expected results. Formalities on some of these measures were initiated, while others could not be applied at all.

Although the purpose of the incentive measures such as investment reduction, payment of certain customs taxes and duties in installments and changes in the customs tariffs is quite similar, the designation of different agencies responsible for their implementation and the Introduction of different methods of application and evaluation by these agencies resulted in wastage of time and inconsistencies in decisions. Although the regulation on the utilisation of domestic products in investments helped to increase the domestic production of these goods, it caused delays in the execution of many investment projects.

Some of the measures introduced for the promotion of exports remained ineffective. The most important incentive introduced in this field was the tax rebate system on exports. But, due to the failure to effectively classify industrial goods under various groups, and the frequent changes in refund rates, the system did not produce the expected advantages.

The decision concerning the installment payment of production taxes on goods of investment nature produced locally and the decision stipulating that the raw materials produced by the public sector and used in the production of the industrial products exported would be made available for exporters at world market prices, could not be put into application.

The current legislation on the establishment of industrial enterprises was introduced many years ago at different dates. A minimum time-limit of two and a half months, normally four or five months, is presently required to get a permit for the establishment of an enterprise.

c. COST FACTORS IN INDUSTRIAL PRODUCTION

The price of industrial goods produced in Turkey is usually higher than world prices. This question constitutes a problem which requires study and which must be solved quickly.

The most important factors affecting the price of domestic products may be listed as follows: excessively high import duties on investment goods; the high cost of basic industrial raw materials and services to the manufacturers; the high cost of capital and credit; and the fact that the units of enterprises have not been established at the minimum economic capacity.

Furthermore, limitations in the supply potential of certain goods and the protective customs policies implemented may be considered as additional factors causing an increase in prices.

d. PRODUCTION TECHNIQUES, TECHNICAL SERVICES AND QUALIFIED MANPOWER.

Although in recent years significant developments have been recorded in industrialisation; the rapidly evolving production techniques have not been followed and evaluated closely in Turkey. In the Second Plan period technologic problems will be taken into consideration with scientific and systematic research.

Improvement and better organisation of domestic technical services should be taken into consideration to ensure efficient utilisation of existing capacities and to complete rapidly the programmed industrial investments. Moreover, one of the basic problems of industrial development is to meet in time the requirement for competent technical personnel in various levels of production.

3. TARGETS AND ESTIMATES FORESEEN IN THE SECOND FIVE-YEAR PLAN FOR THE MANUFACTURING INDUSTRY

The production and value added targets, as well as import and export estimates for the various branches of industry, are shown in summary in Tables 197 and 198.

The distribution of investments, established at TL 25 billion in the Second Plan for the manufacturing industry, is indicated in Table 199 according to the various branches of this sector.

4. POLICIES RELATED TO THE MANUFACTURING INDUSTRY

The objectives and measures of the policies to be introduced and implemented in order to enable the achievement of the planned growth of the manufacturing industry are indicated below.

A. OBJECTIVES

1. Newly established industries will be protected through import restrictions and customs policies until they overcome the problems of the initial years of establishment and gain international competitive strength. However, after a predetermined experimental period and the creation of certain conditions, import restrictions will be lifted step by step and customs policies will gradually be liberalised.

2. The establishment of new enterprises at the minimum economic capacity is considered essential. Existing enterprises will be encouraged to increase their capacity, to merge and to specialise in certain fields of production in order to enable them to operate at the minimum economic capacity and to employ mass production techniques.

TABLE 197 — Production and Value Added Targets for the Manufacturing Industry

(Million TL)
(At 1965 Prices)

Industrial Branches	Production 1967	Production 1972	Production Index 1967 = 100	Value Added 1967	Value Added 1972	Value Added Index 1967 = 100
1. Tobacco	2 440	2 890	118.4	1 490	1 700	114.1
2. Beverages	647	927	143.2	430	580	134.9
3. Food	17 041	22 860	134.1	3 130	4 300	137.4
4. Textiles and Clothing	7 900	12 060	152.7	3 900	5 900	151.3
5. Wood Products	1 920	2 851	148.4	580	860	148.3
6. Paper	370	889	240.2	170	350	205.9
7. Printing	450	830	184.4	230	380	165.2
8. Hides and Leather	300	440	146.6	90	120	133.3
9. Rubber	980	1 590	162.2	520	810	155.8
10. Plastic	360	800	222.2	150	330	220.0
11. Chemicals	2 220	5 800	261.2	1 000	2 600	260.0
12. Petroleum	2 997	4 816	160.6	1 570	2 750	175.2
13. Ceramics	112	206	183.9	75	120	160.0
14. Glass	467	808	173.0	305	520	170.5
15. Cement	682	1 540	225.8	380	850	223.7
16. Cement and Baked-Clay Products	540	786	145.5	350	500	142.9
17. Iron and Steel	2 420	4 500	185.9	1 160	2 200	189.7
18. Non-Ferrous Metals	780	1 460	187.2	420	700	166.6
19. Metal Products	2 060	3 920	190.2	1 040	1 850	177.9
20. Machinery	1 315	3 500	266.1	805	2 000	248.4
21. Agricultural Machinery and Tools	373	885	237.2	175	370	211.4
22. Electrical Machinery	518	1 352	261.0	290	690	237.9
23. Electronics	212	515	242.9	120	280	233.0
24. Road Vehicles	1 874	3 230	172.3	644	1 260	195.6
25. Railway Vehicles	310	450	145.1	180	240	133.3
26. Ship Building	140	420	300.0	60	230	383.3
27. Aircraft Repair and Maintenance	16	30	187.5	6	10	166.7
Total	**49 444**	**80 355**	**162.5**	**19 270**	**32 500**	**168.7**

TABLE 198 — Import and Export Estimates for the Manufacturing Industry

(Million TL)
(At 1965 Prices)

Industrial Branches	Imports (CIF)			Exports (FOB)		
	1967	1972	Index 1967 = 100	1967	1972	Index 1967 = 100
1. Tobacco and Cigarettes	—	—	—	826.0	980	118.6
2. Beverages	6.0	20	333.0	5.0	16	320.0
3. Food	155.2	60	38.6	1 253.3	1 385	110.5
4. Textiles and Clothing	66.0	80	121.2	68.0	350	514.7
5. Wood Products	5.0	10	200.0	10.0	50	500.0
6. Paper	140.0	140	100.0	—	—	—
7. Printing	20.0	19	95.0	2.0	5.5	275.0
8. Hides and Leather	20.0	30	150.0	74.0	120	162.1
9. Rubber	130.0	160	123.0	—	—	—
10. Plastic	—	—	—	—	—	—
11. Chemicals	1 650.0	2 000	121.2	35.0	110	314.0
12. Petroleum	109.2	175	160.2	28.2	—	—
13. Ceramics	0.3	—	—	2.1	13.5	642.0
14. Glass	23.3	10	42.9	22.9	40	174.6
15. Cement	20.0	—	—	—	25	—
16. Cement and Baked-Clay Products	—	—	—	—	—	—
17. Iron and Steel	400.0	970	242.5	—	—	—
18. Non-Ferrous Metals	230.0	270	117.3	200.0	480	240.0
19. Metal Products	200.0	300	150.0	5.0	40	800.0
20. Machinery	1 854.0	3 300	177.9	14.0	84	600.0
21. Agricultural Machinery and Tools	47.0	60	127.6	—	—	—
22. Electrical Machinery	317.0	500	157.7	26.0	100	384.6
23. Electronics	145.0	310	213.7	4.5	10	222.0
24. Road Vehicles	385.0	225	58.4	—	—	—
25. Railway Vehicles	60.0	50	83.3	1.0	12	1,200.0
26. Ship Building	75.0	60	80.0	—	—	—
27. Aircraft Repair and Maintenance	110.0	140	127.2	—	—	—
Total	**6 168.0**	**8 889**	**144.1**	**2 577.0**	**3 821**	**148.3**

TABLE 199 — Investments in the Manufacturing Industry

(Million TL)
(At 1965 Prices)

Industrial Branches	Investments in the First Plan Period	Investments in the Second Plan Period	Index First Plan = 100
	(1)	(2)	(3)
1. Tobacco and Cigarettes	209.3	190	90.8
2. Beverages	159.0	320	201.3
3. Food	994.4	1 850	186.0
4. Textiles and Clothing	1 563.3	2 400	153.5
5. Wood Products	269.0	440	163.6
6. Paper	317.2	1 850	583.2
7. Printing	161.5	200	123.8
8. Hides and Leather	46.9	150	319.8
9. Rubber	430.4	700	162.6
10. Plastics	108.3	235	217.0
11. Chemicals	1 829.0	4 250	232.4
12. Petroleum	782.0	1 150	146.9
13. Ceramics	290.4	40	13.8
14. Glass	173.9	240	138.0
15. Cement	632.9	950	150.0
16. Cement and Baked-Clay Products	191.2	60	31.0
17. Iron and Steel	2 752.1	4 200	152.6
18. Non-Ferrous Metals	114.6	1 500	1,308.9
19. Metal Products	667.3	1 150	172.3
20. Machinery	301.7	1 550	513.8
21. Agricultural Machinery and Tools	33.8	150	443.8
22. Electrical Machinery	272.0	450	165.4
23. Electronics	29.5	150	508.5
24. Road Vehicles	151.6	350	230.9
25. Railway Vehicles	136.7	110	80.5
26. Ship Building	85.0	350	411.8
27. Aircraft Repair and Maintenance	17.0	15	88.2
Total	**12 721.3**	**25 000**	**196.5**

In the enterprises possessing the character of an industrial complex, all intermediary units will not be required to be established at the same time. Intermediary units will be established and the necessary intermediary goods will be imported parallel to the increase in the volume of demand for the final product.

3. The cost of industrial products is generally high in Turkey. The factors causing an increase in cost prices may be listed as follows: Manpower productivity is generally low, enterprises are not operating at the minimum economic capacity, customs taxes on imported investment goods are very high and the price of certain basic goods and services is excessively higher than international market prices. In order to reduce the cost prices of industrial products, customs taxes and duties on the imported investment goods and the prices of certain basic goods and services will have to be readjusted.

4. In determining import priorities, the main criteria will be to ensure the utilisation of the existing capacity at a level to meet the demand and to enable the rapid realisation of the programmed investments.

In order to shorten the construction period of basic industrial projects, when deemed necessary, a higher priority will be established for these projects in the utilisation of the foreign exchange resources of the Central Bank.

5. Standardisation will be encouraged in the principle spare parts, accessories and equipment of the existing plants and of certain durable consumer goods.

The realisation of this objective will be facilitated through the import policies to be adopted. In this manner it will be possible to increase efficiency in the utilisation of spare parts and accessories and to prepare conditions for domestic production.

6. Agricultural, forestry and mining products which enjoy foreign demand will, in general, be exported after they are processed within Turkey. The Plan also aims at initiating the export of products which are produced through an advanced manufacturing process and in making changes in the composition of exports in favor of industrial products.

7. Standardisation activities started during the First Plan period will be accelerated and the coverage of standards will be expanded in the Second Plan period.

8. Increases in the variety of goods supplied for final consumption and in the growth of the inter-industrial flow of goods requires the systematic development of quality control activities in the Turkish economy. Quality standards and control policies to be adopted in order to improve confidence in exports, to enable a more productive utilisation of the production factors by the enterprises and to protect the interests of consumers, will be extended to cover all exportable goods. In the course of time their scope will be extended further to cover the branches of industry which supply industrial goods for domestic consumption.

9. In addition to the fiscal facilities the achievement of the production targets planned for the manufacturing industry depends upon the adaptation of modern production methods to local conditions on a large scale and upon the availability of technical services and personnel at the right time and at the required level.

Therefore, emphasis will be placed on technological and managerial research and technical training directed towards promoting production and productivity, as well as on the development of engineering and consulting firms to prepare industrial projects.

10. Distribution of the manufacturing capacity over the country will be based on the following criteria: Making maximum use of existing infrastructure facilities, and reducing the raw material procurement, production and distribution costs to the lowest level possible.

b. POLICY MEASURES

Encouragement of Investment Activities

1. Current legislation concerning the establishment and operation of industrial enterprises was drafted and enacted at different dates and for different purposes. All of the current legislation will be reviewed and new procedures will be defined according to the principles of simplicity, clarity and consistency.

2. Prior to the initiation of investments, the prerequisites for benefiting from the incentive measures should be defined clearly and formalities simplified. The projects which are entitled to benefit from the incentive measures will be evaluated by a single authority and, after establishing conformity between the characteristics of the project and the Plan objectives and targets, the same authority will determine the extent of these measures to be applied. For this purpose, the necessary amendments will be made in the current legislation.

3. The rate of depreciation allowance will be readjusted according to the branches of industry by taking into consideration the developments foreseen in the Plan for the production of the manufacturing industry and the rapid changes in the techniques of production.

Preparation for International Competition

4. Competitive and regulatory importation will be initiated within the framework of a programme to be drawn up and announced in 1968 in order to:

(a) Increase the potential for international competition of the firms which have attained progress and acquired enough experience, through protective import restrictions and customs policies.

(b) To enable these firms to supply goods for the domestic market at lower prices, and,

(c) To prevent monopolistic tendencies.

5. In order to lower the high unit cost of industrial products in Turkey, the necessary measures will be taken to reduce gradually the costs of energy, transportation and basic raw materials to levels prevailing in the industrialised countries. Application of these measures will first be initiated in the export-oriented industrial products.

6. At the time of implementation of the investment incentives, efforts will be made to ensure the establishment of new enterprises at the minimum economic capacity. Tax reduction and exemption policies will be developed and implemented effectively in order to encourage the existing enterprises to manufacture within a more economic capacity through mergers and to strengthen their technical and financial positions.

Developments in the Assembly Industry

7. Import restrictions and customs barriers introduced for industrial products, particularly during the last ten years, have caused the creation of production units, or assembly industries, in various branches of economic activity. In these units, the parts and accessories imported are combined with domestic components and converted into finished products. Developments in this industry have caused waste and the manufacture of different types and models of a single product.

The level of demand for various industrial products in the Second Plan is estimated at such a level that it will enable the reorganisation of the assembly industry in a way to increase efficiency. The following basic measures will be implemented under high priority in order to ensure this reorganisation :

a. The semi-finished and intermediary goods used in the production of various products will be standardised and the production of these goods within economic criteria will be encouraged through the necessary measures to be taken. With the participation of the existing assembly industries, joint enterprises will be established to produce semi-finished and intermediary products and the activities of these enterprises will be supported by the government. In case of the failure to realise these developments, industries to produce semi-finished or intermediary products will be established by the government. The government will also take measures to ensure the utilisation of these products.

b. Demand for semi-finished or intermediary goods which can be used in common by the industries manufacturing transportation vehicles, agricultural machinery and equipment will be given priority and the domestic production of these goods will be taken up within the methods and procedures prescribed in paragraph "a" above.

8. In the expansion of the capacities of the existing assembly industries, or in the development of new branches of the assembly industry, types and models conforming to local conditions will be selected.

Export Promotion

9. Promotion of exports depends upon two basic factors, production and marketing. The export of industrial products cannot be promoted on a large- scale and in a stable manner through short-term and artificial measures.

The development of the manufacturing industry on a sound foundation and in the direction stipulated in the Plan will, as a consequence, promote the export of industrial products. Measures indicated below will be implemented in order to promote exports.

a. The current tax rebate system will be simplified, similar products will be classified under one group, and tax rebate rates will be established by taking the commodity group into consideration. These rates will not be changed often.

b. Small and medium-size industrial enterprises whose foreign marketing potentials are limited will be encouraged to co-ordinate their export efforts within "export unions".

c. In foreign exchange allocations, the needs of the export oriented industries for the expansion of existing facilities and the establishment of new facilities, or for raw materials, will be given high priority.

Standardisation and Quality Control

10. The Turkish Standards Institute will intensify its activities on the standardisation of industrial products within the framework of the seventh principle of the manufacturing industry.

11. The Ministry of Industry will be vested with the necessary power and held responsible for establishing and controlling the quality of products. These activities will be carried out by making use of existing facilities and laboratories.

12. The technical assistance required for the quality control activities of the industrial enterprises employing mass production methods will be provided by the government.

Industrial Research and Technical Services

13. The scope and efficiency of the technological and managerial research activities aimed at increasing industrial productivity will be expanded substantially during the Second Plan period. The financing requirements of these activities will be met from the "Development Fund" to be established with TL 400 million to be transferred from public resources during the Second Plan period.

The Industrial Research Institute established by the Turkish Scientific and Technical Research Foundation will be organised to carry out effectively a great part of these research activities. The functions of the Institute will be promoted within the framework of a long-term programme. During the Second Plan period, the Institute will concentrate its activities on technological problems of the manufacturing industry and will be organised to perform technical consultation services for enterprises. The favourable effects of these services are expected to be seen within a short period of time. The advances in production techniques attained in the industrialised countries will also be followed closely and efforts will be made to adopt them to the prevailing conditions in Turkey.

14. In order to accelerate the investment activities foreseen in the Plan and to ensure the realisation of these investments in conformity with local conditions, the establishment and development of private firms rendering project preparation, consultation and engineering services for industrial installations will be encouraged. Firms carrying out industrial construction activities in particular, will be encouraged to make more

extensive use of the machinery and equipment and metal construction capacities which are not fully and productively used in Turkey.

- Industrial Settlement

15. New industries which are interrelated with each other through the inflow of commodities will be located in certain centres of Turkey by taking the tenth principle of the manufacturing industry into consideration. These locations will be furnished with the necessary infrastructure facilities.

16. In order to ensure the development of industrial enterprises, industrial districts with all infrastructure facilities will be established in suburban areas possessing the necessary potential. Industries whose expansion in the cities is limited will be encouraged through incentive measures to settle in the new industrial sites.

TOBACCO PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. In determining the level of production, the volume of internal and external demand will be taken into consideration and the price policy to be applied to tobacco purchases will be adjusted accordingly.

2. Tobacco processing enterprises which are functioning under State monopoly will be reorganised in the form of State Economic Enterprises.

b. DEVELOPMENTS AND PROBLEMS

The output of the tobacco products industry followed a trend parallel to the development in the level of internal demand and consequently the total output remained below Plan estimates during the First Plan period.

The questions of quality and variety constitute the principle problems in this branch of industry. Five cigarette factories belonging to the State have been in operation for many years and the plants have worn out. The Maltepe cigarette factory has not yet been put into operation.

Under these circumstances the quality of cigarettes is low and the inevitable wastages exceed normal levels. Although the tobacco industry is under State monopoly, approximately thirty brands of cigarettes are being produced in Turkey. This situation causes a rise in cost prices and increases the difficulties in producing cigarettes according to standard prescriptions.

The lack of proper preservation and manipulation of the leaf tobacco constitutes another factor causing a fall in the quality of tobacco products. Tobacco preservation and manipulation installations lack the necessary facilities, and the tempering storage in cigarette plants is insufficient.

Furthermore, the failure to support producers through prices which conform to market conditions has caused fluctuations in production owing to the increase in tobacco production by making use of unsuitable low lands in certain years. The utilisation of unsuitable low land causes a fall in quality and entails fluctuation in the receipts of producers and exporters.

Sufficient efforts are not being made to increase the sale of Turkish tobacco which is used for blending purposes in foreign markets. The production of tobacco suitable for filter-type cigarettes has not been given the necessary emphasis either.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

1. Domestic Demand

Per capita cigarette consumption figures have not shown a regular trend in the course of past periods. However, an increase, although not very significant, was recorded in the per capita cigarette consumption during the last ten years. This increase is expected to continue during the Second Plan period. Factors such as a higher rate of participation of the new consumer masses in consumption, and rapid urbanisation, will be influential in the increase to take place in cigarette consumption. Under these considerations, per capita cigarette consumption in the Second Plan period is estimated to increase by 10 grams per annum. The volume of domestic demand based on this estimate is shown in Table 200.

2. Exports

Manipulated leaf tobacco exports have been estimated by taking into consideration the potential of sales to foreign markets. Export estimates are indicated in Table 201.

In the past, cigarette exports could not be promoted due to the low quality of Turkish cigarettes and to the protective customs tariffs implemented in foreign countries in order to encourage the development of their own cigarette industry. During the Second Plan period as well, cigarette exports are expected to remain at a low level.

b. PRODUCTION AND IMPORTS

1. During the First Plan period, cigarette production was realised by operating the factories over and above their established capacity. The Maltepe cigarette factory which is currently under construction will not be able to meet the capacity requirement during the Second Plan period.

Therefore, a further increase in capacity will be needed during this period.

Cigarette production for the Second Plan period has been estimated by taking the level of domestic demand only into consideration. Production estimates are indicated in Table 202.

TABLE 200 — Domestic Demand Estimates

(Million TL)
(1000 Tons)
(At 1965 Prices)

Basic Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967=100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Manufactured Tobacco	Quantity	33.8	37.5	2.0	44.68	119.1	3.83
	Value	1 453.4	1 614.0	2.1	1 921.2	119.0	3.80

TABLE 201 — Export Estimates

(Million TL)
(1000 Tons)
(At 1965 Prices)

Basic Commodity Groups		1962	1967	1972	Index 1972 1967=100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)
Manipulated Leaf Tobacco	Quantity	90.7	66.8	78.0	116.7	3.0
	Value	1 123.0	826.0	968.0	117.3	3.1

TABLE 202 — Production Estimates

(Million TL)
(1000 Tons)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967=100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Manufactured Tobacco	Quantity	33.8	37.5	2.0	44.68	119.1	3.83
	Value	1 453.4	1 614.0	2.1	1 921.2	119.0	3.8
Manipulated Leaf Tobacco	Quantity	90.7	66.8	—	78	116.7	3.0
	Value	1 123.0	826.0	—	968.0	117.3	3.1
TOTAL VALUE		**2 576.4**	**2 440.0**	—	**2 890**	**118.2**	**3.4**

Export-oriented tobacco leaf production has been estimated by taking the current market organisation and the highest possible export sales into consideration.

The total supply of tobacco products will correspond to total production as the import of these products is out of the question.

c. INVESTMENTS

During the Second Plan period, it will be necessary to create new capacities in the storage, manipulation and manufacturing facilities of the cigarette and tobacco leaf industries. Realisation of this objective will require the investment of TL 190 million.

Out of the total investment, 40.2 per cent will be needed for machinery and equipment and the balance for construction of the necessary buildings.

TABLE 203 — Investment Estimates

(Million TL)
(At 1965 Prices)

		Total Investments
1963 - 1967	Period	209.3
1968 - 1972	Period	190.3

d. THE BALANCE OF FOREIGN TRADE

The balance of foreign trade of the tobacco manufacturing industry for the Second Plan period is indicated in Table 204. Exports for 1972 may be increased over and above Plan estimates through the creation of new markets and reorganisation of the existing enterprises.

TABLE 204 — (Balance of Foreign Trade)

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967=100 (3)	Second Plan Annual Rate of Increase (%) (4)
Exports (FOB)	826.0	980.0	118.5	3.4
Imports	—	—	—	—
Difference	+ 826.0	+ 980.0	118.5	3.4

3. MEASURES

a. Studies will be carried out to improve quality and to reduce cost prices. Research studies will be conducted to determine the possibility of employing artificial fermentation methods in Turkey on leaf tobacco.

b. Factories in the tobacco manipulation industry will be modernised to reduce wasteful expenditures and to improve quality.

BEVERAGE INDUSTRY

1. OBSECTIVES AND DEVELOPMENTS

a. OBSECTIVES

1. In order to ensure better evaluation of vineyard products which constitute an important source of revenue for Turkish farmers, the beverage industry will be encouraged and emphasis will be placed on exportation of the products of this industry.

2. The State monopoly on the beverage industry will be lifted and existing enterprises owned by the public sector will be brought together under the structure of a State Economic Enterprise.

3. Foreign capital investments other than those to be made in export-oriented projects will not be permitted in the beverage industry.

b. DEVELOPMENTS AND PROBLEMS

More extensive utilisation of vineyard products, augmentation of the capacity to a sufficient level and the promotion of export opportunities were among the basic principles foreseen in the First Plan for the development of the beverage industry.

In order to increase the capacity to a sufficient level, investments were made in various branches of production and in general, beverage production reached a level to meet consumption. Creation of new capacity in the beer production industry was initiated both by the Monopolies Administration and the private sector during the second half of the Plan period only. Due to this delay, 40 per cent of the unit demand could not be met during the Plan period.

The reorganisation measures foreseen in the Plan for the promotion of wine exports were not realised and consequently wine exports were not increased.

A notable development observed in the beverage industry during the First Plan period is the introduction and fast development of the cola-type drink industry.

The principle problems currently facing the beverage industry are the following:

Although Turkey occupies an important place in the production of vineyard products and although vineyard products constitute the only source of income, without alternative, for producers in certain locations, the percentage share of products used in the beverage industry is very low. For this reason, vineyards have been broken up with a resultant constant decline in the variety of high quality grapes suitable for the beverage industry.

2. In the private sector there is a lack of the necessary organisation to meet external demand in large quantity.

3. The Monopolies Administration, an important producer of beverages, was not successful in the field of exportation due to organisational drawbacks.

4. Quality control in the beverage industry, which is closely related to the health of the people, was not carried out properly.

5. A consistent policy was not followed on the price of alcoholic beverages and of raw materials used in their production and price consistency does not exist among the various kinds of alcoholic beverages.

Wine prices are very low in relation to the alcohol content of wines. Hence, the differntial between raw material and the finished product is of a nature to restrict the production of wine.

6. Current legislation on alcoholic beverages is out of date. Certain provisions of this legislation prevent development of the beverage industry. Provisions governing the control activities, in particular, are far from meeting the purpose.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

1. Domestic demand

As shown in Table 205, domestic demand for the products of the beverage industry will increase by 42.5 per cent as to value during the Second Plan period. The highest rate of increase is estimated to take place in the demand for non-alcoholic beverages, colatype soft drinks, beer and wine. Study of the table indicating the distribution of consumption shows that the relative share of drinks with a high alcohol content will register a decline in favour of other kinds of beverages. The highest rate of increase in per capita consumption is estimated to take place in beer and non-alcoholic beverages. Substantial increases in the production capacity for these beverages will be influential in the expected rise in their consumption.

Tablo 205 shows a substantial rise in whisky consumption. Currently a great part of whisky consumed in the country is imported secretly through smuggling. The rise shown in the table is expected to come about as a result of increases in whisky imports through normal channels. Normal imports will be increased in order to prevent loss in state revenue caused by smuggling. The figures in the table do not include smuggled whisky.

2. Exports

During the Second Plan period rakı, vodka and liqueur exports are expected to continue without making a great change in the marketing oranisation. These exports, however, will constitute only 5 per cent of Turkey's total beverage exports. Export estimates are indicated in Table 206.

The balance of beverage exports will be composed of wine which is expected to rise by 200 per cent in five years. Reorganisation measures foreseen in the 1966 and 1967 Annual Programmes for the promotion of wine exports are expected to show their favourable effects at the beginning of the Second Plan period.

b. PRODUCTION AND IMPORTS

1. Production

Beverage industry production estimates for the Second Plan period are indicated in Table 207. As shown in the table, beverage production is estimated to rise by 7.5 per cent per annum or 43.5 per cent in five years. The most significant increases will take place in non-alcoholic beverages, wine and beer production.

Planned increases in wine production aim at promoting wine exports and realising the export targets foreseen in the Plan. Promotion in wine exports will require the creation of new capacity. It is contemplated that the new capacity will generally be created by the private sector. The Beverage Industry State Economic Enterprise, the establishment of which is anticipated, will co-ordinate its activities with the private sector in the field of wine. Investments to be made in the wine industry through this enterprise will be aimed at facilitating the development of the private sector in particular. Following the realisation of the Plan targets on wine, wineries owned by the State will be turned over to the private sector in compliance with the basic objectives of the Plan.

Production increases in the beer industry aim at meeting domestic demand. Only 60 per cent of the domestic demand is currently met. During the Second Plan period, new capacity will be created by the private sector in the beer industry.

2. Imports

The alcoholic beverages import estimates for the Second Plan period are indicated in Table 208.

TABLE : 205 — Domestic Demand Estimates

(Million Liters)
(Million TL)
(At 1965 Prices)

Basic Goods or Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967=100 (5)	Second Plan Annual Rate of Increase (%) (6)
Bevereges with High Alcohol Content:							
Rakı	Quantity	13.8	14.8	1.4	17.6	118.8	3.5
	Value	260.8	279.8	1.4	332.6	118.9	3.5
Vodka	Quantity	1.27	1.4	1.9	1.6	112.6	2.4
	Value	24.3	26.9	2.0	30.3	112.6	2.4
Gin	Quantity	0.04	0.06	8.4	0.08	134.9	6.2
	Value	0.6	0.9	8.4	1.2	134.9	6.2
Brandy	Quantity	0.37	0.5	6.1	0.6	128.1	5.0
	Value	7.8	10.6	6.1	13.6	128.1	5.0
Liqueur	Quantity	0.508	0.4	6.1	0.5	136.9	6.4
	Value	6.3	5.0	6.1	6.8	136.9	6.4
Whisky	Quantity	0.028	0.075	19.2	0.18	240.0	19.2
	Value	2.7	6.5	21.7	14.5	223.1	17.4
TOTAL	Quantity	16.0	17.2		20.8	119.6	3.7
	Value	302.5	329.9	1.8	399.3	121.0	3.9
Wines							
Table Wine (Bottled)	Quantity		19.9		23.8	119.7	3.7
	Value		57.8		69.2	119.7	3.7
Table Wine (Bulk)	Quantity		8.5		10.2	119.7	3.7
	Value		11.1		13.3	119.7	3.7
Quality Wine	Quantity		3.0		8.0	266.6	20.00
	Value		21.0		56.0	266.6	20.00
Artificial Sparkling Wine	Quantity		0.2		1.0	500.0	25.0
	Value		1.0		5.0	500.0	25.0
Natural Sparkling Wine	Quantity		0.005		0.04	865.4	125.00
	Value		0.1		1.4	863.3	125.1
Sweet Wine	Quantity		1.3		1.5	115.5	2.9
	Value		9.4		10.9	115.5	2.9
Vermouth	Quantity		0.8		1.2	153.5	8.9
	Value		6.3		9.6	153.6	8.9
TOTAL	Quantity	22.2	33.9	8.9	46.0	135.75	6.4
	Value	69.9	106.8	8.9	165.6	154.94	9.2

TABLE 205 — Continued

Basic Goods or Commodity Groups		1962 (1)	1967 (Estimates) (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967=100 (5)	Second Plan Annual Rate of Increase (%) (6)
Beer :							
Beer	Quantity	32.265	35.0	2.0	55.9	159.8	9.8
	Value	67.1	72.8	2.0	116.3	159.8	9.8
Non-Alcoholic Beverages:							
Cola Type Drinks	Quantity		15.0		50.0	333.3	25.8
	Value		25.8		86.0	333.3	25.8
Fizzy Soft Drinks	Quantity		10.0		20.0	200.0	14.8
Containing Fruitflavor	Value		21.5		43.0	200.0	14.8
7-Up Type	Quantity		82.0		102.0	124.4	4.4
	Value		90.2		112.2	124.4	4.4
Total	Quantity	72.8	107.0	7.9	172.0	160.7	9.8
	Value	80.1	137.5	11.3	241.2	175.4	11.8
Grand Total	Value	519.6	646.0	4.5	922.5	142.5	7.3

TABLE : 206 — Export Estimates

(Million Liters)
(Million TL)

Basic Goods or Commodity Groups		1962 (1)	1967 (Estimates) (2)	First Plan Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Rate of Increase (%) (6)
Rakı	Quantity	0.112	0.002	10.5	0.04	200.0	14.8
	Value	0.06	0.1	10.5	0.2	200.0	14.8
Vodka	Quantity		0.07		0.01	242.8	19.2
	Value		0.02		0.05	242.8	19.2
Liqueur	Quantity		0.05		0.1	200.0	14.8
	Value		0.27		0.5	200.0	14.8
Wines (Bulk)	Quantity	2.17	7.0	26.3	22.0	314.3	25.2
	Value	1.5	4.6	25.0	15.1	314.3	25.2
TOTAL	Value	2.1	5.0	19.0	16.0	320.0	26.3

TABLE 207 — Production Estimates

(Million Liters)
(Million TL)
(At 1965 Prices)

Basic Goods or Commodity Groups		1962	1967 (Estimates)	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Beverages with High	Quantity		17.4		20.0	119.7	3.7
Alcohol Content :	Value	299.8	324.6		388.3	119.3	3.7
Wine	Quantity		40.9		68.0	166.3	10.6
	Value	71.8	111.8		181.2	162.0	10.1
Beer	Quantity		35.0		55.9	159.8	9.8
	Value	67.1	72.8		116.7	159.9	9.8
Non-Alcoholic	Quantity		107.0		172.0	160.7	9.8
Beverages :	Value	80.1	137.8		241.2	175.4	11.8
Total	Value	514.8	647.0		927.0	143.5	7.5

TABLE 208 — Import Estimates

(Million TL)
(At 1965 Prices)

Basic Goods or Commodity Groups	1962	1967 (Estimates)	First Plan Annual Rare of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Whisky	2.7	6.0	17.3	15.0	208.3	15.8
Other	—	—	—	5.0	—	—
Total	**2.7**	**6.0**	**17.3**	**20.0**	**333.3**	**27.2**

c. INVESTMENTS

The beverage industry investment estimates for the Second Plan period are indicated in Tables 209 and 210. Almost 80 per cent of the total investment is of a nature to create new capacity. The highest rate of increase in capacity will take place in the beer and wine sub-sectors. Capacity increases in the wine industry will be of export-oriented nature. Domestic demand for beer during the Second Plan period will be met through investments to be made in the beer industry. Investments in high alcohol content beverages will be made to avoid bottlenecks, in particular. These investments will also cause an increase in the existing capacity.

TABLE 209 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 period	159 0
1968 - 1972 period	320.0

TABLE 210 —Investment Estimates According to Basic Commodity Groups

(Million TL)
(At 1965 Prices)

	1968 - 1972 Investments
Beverages With High Alcohol Content	26.0
Wines	160.0
Beer	112.0
Non-Alcoholic Beverages	22.0
Total	**320.0**

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade related to the beverage industry is indicated in Table 211 for the Second Plan period.

TABLE 211 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rare of Increase (%) (4)
Exports (FOB)	5	16	320	26.2
Imports (CIF)	6	20	330	27.2
Difference	—1	—4	400	32.4

3. MEASURES

a. Quality control in the beverage industry will be conducted by the Ministry of Agriculture.

b. Research activities of the Wine Exports Union, now being established through the co-operation of the public and private sectors, will be supported by the State.

c. The possibility of the sale of State owned wineries to the private sector will be investigated.

FOOD INDUSTRY

The food industry is dealt with differently and in wider scope in the Second Plan as compared to the First Plan which covered only those activities of certain subsectors which could be classified under large industrial activities. In the Second Plan all industrial enterprises whose products are sold on the market, including those enterprises employing a primitive manufacturing technique, have been considered within the scope of the food industry.

I. DEVELOPMENTS AND PRINCIPLES

a. PRINCIPLES

1. Production in the food industry will be increased in compliance with norms established as to quality and general health requirements.

2. Processed food products will be produced principally by private sector enterprises. The State, however, will provide guidance in those branches of the industry whose development takes a long time.

3. Measures will be taken to make the maximum use of produccers' unions in increasing production and exports in the food industry.

4. Retail sales of food stuffs will be improved and the establishment of large firms to open retail sales stores in many locations will be encouraged.

5. Production of export-oriented new varieties will be encouraged.

b. DEVELOPMENTS AND PROBLEMS

During the First Plan period, efforts were made to improve the public and private sector organisations related to the food industry. The Milk Industry Organisation was established and put into operation during this period and the establishment of tea and vegetable oil industry organisations was also foreseen. In general, foodstuff production reached a level to meet domestic demand during the First Plan period. No imports of foodstuffs were found necessary other than those for vegetable oil and rice. Rice imports were made accidentally owing to fluctuations in agricultural production.

Efforts were made not to create idle capacity in the flour industry and certain other sub-sectors, while the creation of new capacity in certain other sectors was encouraged. The increased capacity in the vegetable and fish processing industries did not reach the expected level. Investments were made for the creation of new capacity in the important sub-sectors such as sugar, tea and meat where the public sector is dominant. However, investments in the meat and milk industries were realised at the desired speed.

Officially fixed prices which had an unfavourable effect on processed foodstuffs were abolished during the First Plan period. The practice can be considered as a favourable step toward development of the food industry

Substantial increases were not expected in the export of processed foodstuffs during the First Plan period. This period was a preparatory period for exportation. During this period, Turkey, exported tea for the first time and exports of oliveoil, sugar and similar products increased as compared to previous years. By-products of this industry which were expected to be utilised more extensively in Turkey, continued to be exported.

Other notable developments attained during the First Plan period include the following: Expension of the existing installations, employment of more advanced techniques in production, better selection of locations for the establishment of foodstuff processing plants and improvement in the quality of the finished products. These developments, however, are proceeding very slowly.

The principal problems facing the food industry at the beginning of the Second Plan period are the followings:

1. Although emphasis was given in the annual programmes of the First Plan to the creation of an effective organisation for the training, research and control activities related to processed foodstuffs, this question still remains as an unsolved significant problem. The current legislation concerning this subject is not sufficient and the duties and responsibilities given to the public organisations to this effect are neither clear nor effective. This situation results in the production of low-quality products and prevents the processing of certain products whose export has great potential.

2. The public organisation responsible for implementation of the measures foreseen in the Plan and programmes for development of the processed foodstuff industry, is not properly organised and equipped with the necessary units.

3. Certain food products which occupy an important place in the balanced food diet of Turkey are not produced and consumed in sufficient quantity. This industry is not operating productively owing to the fact that by-products are not being utilised properly. The production of fodder was not increased to the level needed for the development and promotion of animal products. New capacity has to be created for the processing of by-products.

4. The export of processed food products is very low although there are possibilities for increasing the export of these products. Foreign market studies and other export activities have not been carried out properly and sufficiently.

5. Another factor restricting development of the food industry is the lack of an effective system for the distribution and retailsale of food products.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

1. Domestic Demand

The domestic demand for processed food products is indicated in Table 212 according to sub-sectors and basic products. As shown in the table, domestic demand is expected to increase by 6.1 per cent per annum, or 34.7 per cent in five years.

The increase in consumption of certain food products is expected to come about as a result of developments to be attained in industrial production and this increase will replace the consumption of certain unprocessed products. The most significant developments in this field are foreseen with pasteurized milk, vegetable canning, cereal products and mixed-feed.

2. Exports

Processed food products export estimates for the Second Plan period are indicated in Table 213. As shown in the table, the most significant increases are expected in the export of canned vegetables and fruits. During this period Turkey will promote its processed fish and cheese exports and will continue to export tea, sugar and olive-oil.

b. PRODUCTION AND IMPORTS

1. Production

Production estimates for processed food products are shown in Table 214 according to the various sub-sectors and basic products. As shown in the table, production has been estimated to increase by 6 per cent per annum or 34.1 per cent in five years. During the Second Plan period, the most significant increases are expected to occur in the production of mixed-feed, meat and processed fish, canned vegetables and fruits and vegetable oil.

In order to meet protein requirements through animal substances, the number of meat and fish processing facilities will be increased. The public sector will act as a guide to ensure the better utilization of milk in Turkey and to meet the milk demand of the urban areas under hygienic conditions.

In order to close the gap between the production and consumption of vegetable oil, the adoption of measures to prevent wastefull operation in the oil industry and to ensure stability in oil-seed production is considered necessary.

During the Second Plan period, emphasis will be placed on development of the mixed-feed industry. The Plan foresees an increase of 100 per cent in the production of mixed-feed through the establishment of new food plants and tempering facilities for meat-bone and fish flours, clover and oil-cakes.

(Million TL)
(At 1965 Prices)

TABLE 212 — Domestic Demand Estimates

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Meat	1 486.0	1 744.0	3.3	2 513.0	144.1	7.4
2. Fish	14.0	21.9	9.3	31.3	142.9	7.2
3. Milk Products	1 562.0	1 653.0	1.2	2 479.7	150.0	7.5
4. Fruit and Vegetable Processing (Canning)	200.0	427.6	16.3	684.0	160.0	9.9
5. Hazelnuts (Shelled)	47.5	59.7	4.7	69.7	116.7	3.1
6. Pistachio Nuts	22.2	25.8	3.1	33.2	128.6	5.2
7. Raisins	29.0	40.0	6.5	40.0	100.0	—
8. Dried Figs	24.0	34.0	7.1	28.0	82.3	—
9. Cereal Products	6 800.0	8 290.1	4.0	10 089.1	122.1	4.0
10. Sugar	938.6	1 509.0	9.9	2 106.5	139.5	6.9
11. Vegetable Oil	1 180.0	1 477.3	4.6	2 428.8	164.4	10.3
12. Tea	360.0	579.5	9.9	820.7	141.6	7.1
13. Animal Feed	13.8	65.0	29.5	127.2	193.6	14.2
Total	**12 677.1**	**15 926.9**	**4.6**	**21 451.2**	**134.7**	**6.1**

(Million TL)
(At 1965 Prices)

TABLE 213 — Export Estimates

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Canned Fish	—	1.8	—	13.5	750.0	—
2. Milk Products	—	—	—	22.0	—	—
3. Fruit and Vegetable Canning	—	2.7	—	50.0	1 851.8	77.0
4. Hazelnuts (Shelled)	413.0	521.8	4.8	613.0	117.4	3.3
5. Pistachio Nuts	50.0	45.0	—	79.9	177.5	12.1
6. Raisins	209.7	198.8	—	227.2	114.2	2.9
7. Dried Figs	62.0	66.0	1.2	80.0	121.2	4.9
8. Sugar	88.7	74.0	—	88.5	119.5	3.6
9. Vegetable Oil	230.0	175.0	—	125.0	71.4	—
10. Tea	—	20.0	—	12.7	63.5	—
11. Others	100.0	110.6	2.1	33.2	30.0	—21.4
Total	**1 153.4**	**1 215.7**	**1.0**	**1 345.0**	**110.6**	**2.1**

Note : Factory salesprice of the exported products

TABLE 214 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Meat Industry	1 486.0	1 744.0	3.3	2 513.0	144.1	7.6
Fish Processing Industry	14.0	24.0	11.3	45.0	187.5	13.6
Milk Products	1 562.0	1 653.0	1.1	2 502.0	151.8	8.7
Fruit and Vegetable Processing (Canning)	200.0	430.0	16.4	734.0	170.5	11.2
(Shelled)	475.0	581.0	4.2	685.0	117.9	3.5
Pistachio Nuts	72.2	71.0	—	115.0	161.9	10.1
Raisins	257.0	239.0	—	267.0	111.7	2.2
Dried Figs	94.0	100.0	1.1	110.0	110.0	1.9
Cereal Products	6 800.0	8 290.0	4.0	10 089.0	121.7	4.0
Sugar	1 000.0	1 583.0	9.6	2 200.0	138.9	6.7
Vegetable Oil	1 317.0	1 677.0	5.0	2 640.0	157.3	9.5
Tea	345.7	584.0	11.0	833.0	142.5	7.4
Industrial feed	14.6	65.0	35.0	127.2	195.3	14.5
Total	**13 637.5**	**17 041.0**	**4.5**	**22 860.2**	**134.1**	**6.0**

TABLE 215 — Import Estimates

(Million TL)
(At 1965 Prices) (CIF)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Tea	42.0	—	—	—	—	—
Vegetable Oil	160.0	130.0	—	—	—	—
Other	17.0	25.2	8.2	60.0	238.0	18.9
Total	**219.0**	**155.22**	—	**60.0**	**38.6**	**— 16.7**

2. Imports

At the end of the Second Plan period, Turkey will have attained a self-sufficient status as regards processed food products. Vegetable oil imports will continue during the first two years of the Second Plan period.

Planned imports are indicated in Table 215, as to both quantity and value.

c. INVESTMENTS

During the Second Plan period, total investments to be made in the food industry are estimated to amount to TL 1.85 billion. Owing to the fact that basic branches of the food industry, such as food, meat, fish and mixed-feed are in the hands of the public sector, approximatly 65 per cent of the investments will be made by the public sector.

The establishment of new facilities and the expansion of the existing ones have been programmed in order to meet the domestic demand for tea, sugar and mixed-feed through local production during the Second Plan period.

In order to prevent the waste of agricultural products, usually observed in the phase of marketing and processing, new plants will be established for meat, fish, milk and vegetable oil processing or canning.

TABLE 216 — Investment Estimates

	(Million TL) (At 1965 Prices) Total Investments
1963 - 1967 period	994.4
1968 - 1972 period	1,850.0

d. BALANCE OF FOREIGN TRADE

The Second Plan period balance of imports and exports of processed food products is shown in Table 217.

As shown in the table, a slight increase in exports and a significant fall in imports are expected to occur during the Second Plan period. The decline in imports will come about as a result of development in the vegetable-oil industry which will attain a capacity to meet domestic demand during the Second Plan period. A significant increase in exports, on the other hand, is not expected due to the fact that olive-oil production, which occupies an important place in exports, cannot be increased rapidly within a short period of time.

The export of other kinds of processed food products is expected to rise. If the producers' and exporters' unions are reorganised effectively, actual exports may exceed the figures shown in the table.

TABLE 217 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rate of Increase (%) (4)
Exports (FOB) (*)	1 253.3	1 385.0	110.5	2.1
Imports (CIF)	155.2	60.0	38.6	— 16.7
Difference	1 098.1	1 325.0	120.6	3.7

(*) Dried fruit and hard-shelled nut exports are indicated in the category of "Processed Agricultural Products" under the foreign trade section.

3. MEASURES

a. In order to ensure a balanced distribution of animal products between the regions having a surplus or shortage of these products, to enable better utilisation of by-products and to increase the production of high-quality meat products, efforts already initiated towards establishing a meat products industry will be promoted.

b. A public organisation in the form of a State Economic Enterprise will be established to enable the better utilisation of sea and inland water products. This organisation will establish joint enterprises with the private sector.

c. The establishment of organisations to meet the demand for milk and milk products in the regions with high population density, the increase in production of high quality cheese and butter in the regions where these products are traditionally produced and efforts to make better use of milk in the milk centres of Turkey, will be encouraged.

d. In order to prevent waste in the vegetable oil industry and to increase oil production through this measure, the establishment of enterprises to employ advanced techniques will be supported. Parallel to the increases to be attained in oil-seed production, the establishment of new vegetable oil refineries in the olive, peanut and sunflower production centres will be encouraged and supported.

e. In order to meet the demand for animal feed, emphasis will be given to the better utilisation of by-products and the establishment of drying facilities will be encouraged and supported.

f. Training, research and control activities related to the food industry are presently being carried out inefficiently by various departments. In order to render these services more effective, they have to be carried out by a public organisation compatible to the size and importance of the services in question. This objective will be achieved through legislative and organisational measures.

g. One of the basic factors needed for the productive operation of the existing facilities in the food industry is the supply of raw-materials of proper quality.

Therefore, facilities to be established by producers' co-operatives and their unions will be granted a higher priority in the utilisation of incentive measures.

When deemed necessary, these facilities will be established by the State and turned over to the producers' co-operatives.

h. New tea processing capacity will be created to process the increasing fresh tea leaf production at a quality to meet the needs of domestic and foreign demand.

TEXTILE AND CLOTHING INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. This sector possesses a great potential for export. Taking this into consideration, export-oriented activities in every branch of this sector will be encouraged.

2. As a principle, public sector investments in the textile and clothing industry will only be made for the maintanence, renewal and expansion of existing plants. However, projects possessing an export potential and which cannot be realised by the private sector, may be taken up by the public sector.

b. DEVELOPMENTS AND PROBLEMS

The basic principles established under the First Plan were: to develop the textile and clothing industry to a level to meet the domestic demand; to make full utilisation of the installed capacity and to export the basic raw-materials of this industry after processing.

The raw-materials needed for the basic products of this sector are almost fully met through domestic production.

Although the exports realised in many products did not reach a substantial level during the previous Plan period, they served to indicate the export potential possessed by this sector. Production targets established for the sector were realised during the First Plan period. The rate of growth in production could not reach the target of 7 per cent during the first two years of the Plan period. But, in the course of the last three years of the Plan, the production reached the target and important problems related to quality were solved. Despite the developments achieved, measures required to be taken towards enlarging the size of plants to the minimum economic capacity needed to increase productivity in production, through margers expansion of the existing enterprises, could not be implemented with the necessary emphasis.

During the First Plan period, the total investments realised exceeded the Plan target of TL 910 million by 50 per cent. The greater part of the investments were made to improve the quality of finished produtcs and to create new capacity for the available raw materials Modernisation of investments and technological developments in the machinery used caused an increase in capacity. During the First Plan period, import substitution was created in new branches such as the spinning, fish-netting weaving and ready-to-wear clothing industries which were in the phase of workshop manufacturing and which attained substential promotion and began manufacture in modern factories. This development served to show the export potential of these industries.

The textile and clothing industry which was based on the manpower of the cotton textile branch has become an industrial sector based on capital. All branches of this industry, with the exception of cotton textiles, are based on manpower. In the advanced countries this industrial sector has lost its predominant place in favour of other industries. Indeed, the relative share of imports in total consumption is constantly increasing. Renovation of the existing facilities, realisation of mergers and expansions and the improvement of quality and productivity will help to promote exports.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

(1) Domestic Demand

Domestic demand estimates calculated for cotton textiles, woolen textiles, hand woven rugs, artificial silk textiles and knitwear, which are the final products of this sector, are shown in Table 218.

Items under the category "Others" are mainly composed of intermediary goods extensively used by the enterprises within the sector. Assuming that the existing enterprises will be shifted into combined units, intermediary goods are expected to show a decline during the Plan period. The rate of growth in the ready-to-wear clothing industry under the same sector is calculated to be around 12 per cent.

Although the table was prepared on the basis of 1965 prices, the influence of quality improvements on prices has been taken into consideration. The price increases reflect the higher demand for better quality products.

2. Exports

The textile and clothing industry, with the exceptien of cotton textiles, is a branch of industry which greatly depends on manpower density. Therefore, the relative share of textile and clothing imports in the total volume of consumption is constantly increasing in the developed countries. In Turkey this branch of industry has completed its development towards exportation and possesses a great potential for exports as a result of the measures taken or being taken.

Export estimates as to basic commodity groups are shown in Table 219. The export figures indicated in the table may be exceeded parallel to favourable developments in the world market and the effective implementation of export incentives.

b. PRODUCTION AND IMPORTS

(1) Production and Estimates

Production targets foreseen in the Plan have been estimated by taking the existing capacity, investment trends and domestic and foreign demands into consideration as to the basic commodity groups and the sector as a whole. These estimates are shown in Table 220.

TABLE 218 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Cotton Textiles	Mil. Metres	527	712	6.2	1 030	145	7.7
	Value	2 123	2 996	7.2	4 761	159	9.8
Woolen Textiles	1000 Metres	21 138	23 584	2.3	28 542	121	3.9
	Value	1 067	1 190.5	2.3	1 512.3	127	4.9
Hand Woven Carpets	1000 Square Metres	1 455	2 085	7.5	3 099	149	8.3
	Value	226	325	7.6	511	157	9.0
Artificial Silk Textiles	1000 Metres	23 000	27 600	8.8	35 300	128	5.1
	Value	143	171	8.8	230	135	6.2
Knitwear	Tons	1 700	2 500	7.9	6 000	240	19.2
	Value	340	500	7.9	1 200	240	19.2
Others	Value	1 901	2 697.5	7.4	3 155	117	3.2
Total	Value	5 800	7 880	6.4	11 670	148	8.2

TABLE 219 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Cotton Textiles	Mil. Metres	6	20	—	65	325	27.0
	Value	9	30	—	120	400	32.0
Woolen Textiles	1000 Metres	—	10	—	35	350	28.5
	Value	—	0.5	—	1.7	340	27.5
Hand Woven Carpets	1000 Square Metres	45	91	—	250	275	22.6
	Value	7	14	—	39	278	22.8
Artificial Silk Textiles	1000 Metres	—	—	—	—	—	—
	Value	—	—	—	—	—	—
Knitwear	Tons	—	50	—	700	1,400	—
	Value	—	10	—	140	1,400	—
Others	Value	4	31.5	—	169.3	537	40.0
Total	Value	20	86	—	470	547	41.0

TABLE 220 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Cotton Textiles	Mil. Metres	533	732	6.5	1 095	150	8.5
	Value	2 132	3 026	7.3	4 881	161	10.0
Woolen Textiles	1000 Metres	21 138	23 594	2.3	28 577	121	3.9
	Value	1 067	1 191	2.3	1 514	127	4.9
Hand Woven Carpets	1000 Square Metres	1 500	2 176	7.7	3 349	154	9.0
	Value	233	333	7.7	550	162	10.1
Artificial Silk Textiles	1000 Metres	23 000	27 600	3.8	35 300	128	5.0
	Value	143	171	3.8	230	135	6.2
Knitwear	Tons	1 700	2 550	8.5	6 700	263	21.2
	Value	340	510	8.5	1 340	263	21.2
Other	Value	1 880	2 663	7.3	3 545	133	5.9
Total	Value	5 795	7 900	6.4	12 060	153	8.9

During the Second Plan period, the production is expected to increase by 8.9 per cent. The rate of increase will be 10.0 per cent in cotton textiles, 4.9 per cent in woolen textiles and 10.1 per cent in hand woven carpets. The highest rate of increase is expected to occur in the knitwear industry and to amount to 21.2 per cent. The increase in the production of ready-to-wear clothing, which is indicated under the category "Others", is estimated to reach 16 per cent.

However, the increase in production of textile products and clothing will fall to the level of 5.9 per cent. This fall will come about as a result of the decline in the flow of intermediary goods within the sector, owing to increases in the capacity of enterprises and to changes to take place in these enterprises in the shift into the form of combined units.

New installations to be put into operation within the chemical industry will have a considerable effect on the production reached and the technology employed in this sector.

The basic chemical raw materials currently imported will be supplied locally in large quantities through import substitution during the Second Plan period.

(2) Import Estimates

Finished product imports of the textile and clothing industry during the Second Plan period are indicated in Table 198. on the basis of demand and production estimates. Considering the fact that this industry has attained the capacity to meet most of the demand for basic goods through domestic production, the need for imports will be very limited. Cord fabrics and jute will occupy, an important place in imports. Import estimates are shown in Table 222.

c. INVESTMENTS

Investments to be made in this sector during the Second Plan period have been calculated to amount to TL 2.4 billion in order to attain the production targets. In reaching this investment estimate, the size of the existing capacity and of new capacity required to be added annually in order to attain the production targets, have been taken into consideration.

TABLE 221 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	1 563.3
1968 - 1972 Period	2 400.0

d. BALANCE OF FOREIGN TRADE

The effect of the sector on the balance of foreign trade is indicated in Table 222. Exports are expected to increase by an average rate of 37 per cent per annum and amount to TL 315 million in 1972.

TABLE 222 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)
Imports (CIF)	66	80	121	3.9
Exports (FOB)	68	350	515	38.8
Difference	+ 2	+ 270	—	—

3. MEASURES

a. The expansion of enterprises through mergers constitutes a critical problem in this sector. In order to attain this objective, tax and credit incentives will be introduced in addition to other incentive measures already adopted.

b. The craftsmanship merits of the traditional Turkish carpet industry and its regional features will be protected. Work will be undertaken for the establishment of an export organisation, in particular.

c. Development and orientation towards exports of the shoe manufacturing and ready-to-wear clothing branches will be encouraged.

FOREST PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

This Sector has been taken up as a branch of industry under which the wood is processed through physical methods and it does not cover the trades related to handicrafts.

a. OBJECTIVES

(1) Forest products, which constitute one of the important natural resources of Turkey, will be utilised more effectively and facilities will be established to produce at the world market quality and standards.

(2) Emphasis will be placed upon exportation and export-oriented activities will be supported.

b. DEVELOPMENTS AND PROBLEMS

During the First Plan period, an average rate of increase of 6.5 per cent per annum was recorded in the production of this sector. An increase in the manufacture of hard-wood, chipping board and of carts and truck bodies, in particular, exceeded the average by 2-4-fold. An increase in hard-wood production was attained through the creation of new capacity, while with other products this increase came about as a result of the utilisation of idle capacity. Developments attained in production reflect also the increases taking place in the volume of domestic demand.

During the First Plan period, public sector investments were realised at 30 per cent of the established target. Investments realised were of a nature directed towards the maintenance, expansion and modernisation of the existing plants, with the exception of a packing unit added to the Düzce timber plant.

The private sector, on the other hand, has established two cork installations, two wood-processing plants and one mosaic parquet plant.

The initiation of efforts towards raising the quality of beech timber to world market standards represents another development attained during the First Plan period for the promotion of exports.

Rapid development in the branches of industry which depend upon forest products is considered possible, parallel to the improvements to be attained in forestry operations. However, the problems listed below are of a nature to slow down this development.

1. The raw material is in the hands of the State. Therefore, employment of a system to ensure the rapid flow of raw material to private sector enterprises is considered essential.

2. Adjustment of raw material standards and prices to the world market standards and prices is necessary.

3. No organisation has been establisled to followup technological developments in this branch of industry.

4. No organisations are available to provide specialised training for the personnel needed by this branch of industry.

5. Competition created by synthetic raw materials is increasing.

6. No efforts have been made for the exportation of forest products

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

(1) Domestic Demand

A substantial increase has been recorded in the demand for parquet and synthetic board in recent years. This development is expected to continue during the Second Plan period. A rapid increase is also expected in the demand for packing cases, parallel to the developments to be attained in the marketing of fruits, vegetables and similar products.

Demand estimates were made by taking into consideration the products of semi-finished nature such as timber, synthetic board, plywood and similar products, as well as the characteristics of the finished products, such as furniture. Demand estimates are indicated in Table 223.

(2) Exports

A substantial increase is considered possible in the export of forest products which is, at present, insignificant. The achievement of this promotion depends upon the adoption of a series of measures on cost prices, manufacturing technology, quality, standardisation, foreign markets, etc. Exports, the realisation of which is considered possible, are indicated in Table 224. Depending upon the developments to be attained in the implementation of measures, timber exports in particular may exceed the Plan estimates.

b. PRODUCTION AND IMPORTS

(1) Production

The volume of production has been estimated by taking into consideration development trends in domestic demand, export possibilities and the raw material production potential of the forests. The average rate of increase in production is estimated to amount to 7.4 per cent per annum. This rate is considerably influenced by the increases in timber and furniture production which correspond to 50 per cent and 17 per cent, respectively, of the total production. Production estimates are shown in Table 225.

(2) Imports

Out of the products of this industry, the import of wooden tools, exotic wood veneer and other similar items is estimated to amount to TL 10 million per annum.

TABLE 223 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Lumber	1,000 Cubic Metres	1 426.4	1 890.0	5.8	2 800.0	148.1	8.2
	Value	747.4	990.4		1 467.2		
Packing	1,000 Units	28.0	39.9	7.3	56.0	140.3	7.0
	Value	93.5	133.3		187.0		
Plywood	1,000 Cubic Metres	19.0	33.8	12.2	48.5	143.2	7.5
	Value	21.6	38.4		55.0		
Fiberboard	1,000 Tons	12.8	25.4	14,1	49.8	196.0	14.4
	Value	12.8	25.4		49.8		
Chipping Board	1,000 Tons	2.0	5.1	20.1	28.8	564.7	40.1
	Value	2.0	5.1		28.8		
Wood For Carpentry	1,000 Square Metres	1 654.9	2 250.0	6.4	3 300.0	146.6	8.9
	Value	96.7	131.6		193.0		
Parguet	1,000 Square Metres	250.5	779.4	25.3	1 132.7	145.8	7.8
	Value	5.8	17.9		26.1		
Veneer	1,000 Square Metres	1 701.3	1 832.9	1.9	2 285.8	123.3	4.3
	Value	5.5	6.0		7.4		
Furniture	1,000 Sets	437.0	550.0	4.7	743.0	135.0	6.2
	Value	114.1	143.6		193.9		
Furniture	1,000 Sets	81.0	110.0	6.3	150.9	136.4	6.4
	Value	258.6	351.2		478.9		
Carts And Bodies	1,000 Cubic Metres	1.8	3.5	14.5	4.0	113.2	2.5
	Value	2.7	5.4		6.0		
Others	Value	39.0	62.0	9.7	105.0	169.3	11.1
Total	**Value**	**1 399.7**	**1 910.2**	**6.4**	**2 828.1**	**148.1**	**8.2**

TABLE 224 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Beech Timber	1,000 Cubic Metres	0.2	10.0	38.1	50.0	500.0	38.0
	Value	0.8	4.0		20.2		
Cedar Timber	1,000 Cubic Metres	0.6	7.0	62.3	10.0	145.2	7.7
	Value	0.3	3.1		4.5		
Veneer	Tons	48.7	95.0	14.3	121.0	127.1	5.1
	Value	0.4	0.8		1.0		
Parquet	Tons	145.0	350.0	29.3	3 150.0	1 050.0	62.8
	Value	0.1	0.2		2.1		
Fiberboard	Tons	—	—	—	8.4	—	—
	Value	—	—	—	8.4	—	—
Chipping Board	Tons	—	—	—	10.0	—	—
	Value	—	—	—	10.0	—	—
Others	Value	1.4	1.8	6.5	3.8	190.0	13.7
Total	**Value**	**3.0**	**9.9**	**27.2**	**50.0**	**490.1**	**35.2**

TABLE 225 — Production Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Lumber	1,000 Cubic Metres	1 426.6	1 900.0	5.9	2 850 0	147.4	8.5
	Value	747.5	995.6		1 493.4		
Packing	1,000 Units	28.0	39.9	7.4	56.0	140.3	7.0
	Value	93.5	133.3		187.0		
Plywood	1,000 Cubic Metres	19.0	33.8	12.2	48.5	143.2	7.5
	Value	21.6	38.4		55.0		
Fiberboard	1,000 Tons	12.8	25.4	16.3	58.2	229.1	18.2
	Value	12.8	25.4		58.2		
Chipping Board	1,000 Tons	2.0	5.1	20.8	38.8	760.7	50.0
	Value	2.0	5.1		38.8		
Wood For Carpentry	1,000 Square Metres	1 654.9	2 250.0	6 4	3 300.0	146.6	8.9
	Value	96.7	131.6		193.0		
Parguet	1,000 Square Metres	259.0	800.0	25.6	1 318.0	164.7	10.5
	Value	5.0	18.4		30.3		
Veneer	1,000 Square Metres	1 750.0	1 927.9	2.0	2 328.0	120.6	3.8
	Value	5.7	6.3		7.6		
Furniture	1,000 Sets	437.2	550.0	4.7	743.0	135.0	6.2
	Value	114.1	143.6		193.9		
Furniture	1,000 Sets	81.0	110.0	6.3	150.0	136.4	6.4
	Value	258.6	351.2		478.9		
Carts And Bodies	1,000 Cubic Metres	1.8	3.5	14.5	4.0	113.2	2.5
	Value	2.7	5.3		6.0		
Others	Value	40.0	65.8	9.8	108.9	169.4	11.0
Total	**Value**	**1 401.1**	**1 920.0**	**6.5**	**2 851.0**	**148.6**	**8.2**

c. INVESTMENTS

Important installations which were programmed for the First Plan period were not realised and have thus been postponed to the Second Plan period. The total cost of these installations amounts to approximately TL 85 million. In addition to these investments, the public sector will place emphasis upon the renewal and modernisation of existing timber plants.

Private sector investments are expected to spread out to all branches of this industry, particularly to the timber, synthetic board, and wood cutting industries. These investments will create a capacity of 1.4 million cubic metres in timber, 13 million in packing containers, 55,000 tons in synthetic board and 15,000 cubic metres in plywood industries. Additional capacities to enable the realisation of production targets will also be created in the other branches of this industry.

TABLE 226 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	269
1968 - 1972 Period	440

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade is shown in Table 227.

TABLE 227 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	10.0	50.0	500.0	38.0
Imports	5.0	10.0	200.0	14.8
Difference	5.0	40.0	800.0	51.6

MEASURES

a. The promotion of exports of kiln dried timber and other products will be taken up as an objective in the Plan period. Technical and administrative measures will be taken to improve the quality of products and to ensure the employment of international standards.

b. Efforts will be made to reorganise the industrial enterprises operating under the forestry revolving fund, within the structure of a separate economic organisation.

c. In view of the effect of the price of raw material on the development of this industry, a special reduced tariff rate for logs and wood will be adjusted so as to render the finished products competitive in foreign markets.

d. Measures will be taken to meet the raw material requirements of the private sector enterprises without causing bottlenecks in this branch of industry.

PAPER INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. The increasing demand for paper industry products will be met principally through domestic production. The long-run objective of the Plan will be the exportation of finished and semi-finished paper products.

2. In order to reduce cost prices of the raw material, co-ordination will be established with the Forestry Department in the regions where the paper industry is or will be established.

b. DEVELOPMENTS AND PROBLEMS

During the First Plan period, the demand for paper, which required considerable imports, was foreseen to be met through domestic production, provided that such production could be economical. In that period, investment projects conforming to the characteristics of Turkey's forests, in particular, were prepared to make better use of agricultural residues in compliance with this objective. These projects of the paper industry call for the establishment of three integrated plants with a total capacity of 244,000 tons of cellulose of different varieties and 205 tons of paper and paper board. Due to delays of two to three years in the implementation of projected investments, the plants are expected to be put into operation in 1970 - 1971. Delays in the realisation of the paper industry investments have necessitated the importation of writing paper, printing paper, newsprint and kraft paper in order to meet local demand.

During the First Plan period, 74 per cent of domestic demand on an average was met through domestic production. However, due to rapid developments in the manufacturing industry as well as in other cultural and training activities, the relative share of domestic production in the total volume of demand will register a decline owing to the fact that no new capacity will have been added to this industry up to 1970.

Increases in the consumption of newsprint and kraft paper, of the paper varieties, exceeded the Plan estimates. The increase in newsprint was caused by the distribution of daily newspapers all over Turkey. On the other hand, the increase in consumption of kraft paper was caused by significant developments attained in the production of cement and chemical fertilizers. The production capacity of the kraft paper plant to be established in Çaycuma has been fixed by taking demand developments into consideration.

The increase in the per capita consumption of paper exceeded the First Plan estimates by 7 per cent. Per capita consumption which was estimated to amount to an average of 4.63 kilogrammes during the period 1962 through 1965, was actually realised at 4.98 kilogrammes. In spite of these developments the production of paper in Turkey is under pressure owing to the fact that the cost price of domestic production is 25 per cent higher than the price of imported paper. The high cost of paper production is caused by the following factors: the high price of raw material, the uneconomical utilisation of production capacities and the excessive number of workers.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DOMESTIC DEMAND

Domestic demand estimates for various kinds of paper are shown in Table 228 and compared to the figures for the First Plan period.

b. PRODUCTION AND IMPORT ESTIMATES

1. Production

Production estimates for the Second Plan period have been calculated on the basis of the years in which the new additional capacity will enter into operation. Production estimates of the paper industry are indicated in Table 229 according to the different varieties of paper.

A significant portion of the wood-fiber which constitutes the basic raw material for the paper industry is supplied locally from forests. As a result of the paper industry investments initiated during the First Plan period, after 1970 raw material demand will be supplied locally.

2. Import Estimates

In order to meet the domestic demand for paper, the import of newsprint, kraft paper, writing and printing paper will continue at an increasing rate up to 1970. Import estimates for the different varieties of paper are indicated in Table 230 and compared to the figures for the First Plan period.

c. INVESTMENTS

No export of paper industry products was foreseen for the First Plan period. Therefore, investments made aimed at meeting domestic demand. Investments initiated during the First Plan period will continue up to 1971. However, the preparation of new investment projects is considered necessary in order to meet the rapidly increasing demand through domestic production. The export of semi-finished products in the long run will be considered in the preparation of investment projects. During the Second Plan period the private sector is expected to make investments in writing, printing, wrapping paper and paper board.

TABLE 228 — Domestic Demand Estimates for Different Varieties of Paper

(Thousand Tons)
(Million TL)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
1. Writing and Printing Paper	Quantity	24	42	11.8	80	200	14.8
	Value	78	136	11.7	278	204	15.4
2. Newsprint	Quantity	31	46	8.2	76	165	10.5
	Value	48	63	5.6	130	206	15.6
3. Wrapping Paper	Quantity	55	88	9.9	177	201	15.0
	Value	149	211	7.1	413	196	14.4
4. Carton Board and Cardboard	Quantity	23	36	9.3	65	180	12.4
	Value	68	100	8.0	209	209	15.9
Total	Quantity	133	210	9.5	398	189	13.6
	Value	343	510	8.2	1 030	202	15.0

TABLE 229 — Production Targets for Different Varieties of Paper

(Thousand Tons)
(Million TL)
(At 1965 Producers Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
1. Writing and Printing Paper	Quantity	16	30	13.3	63	210	16.0
	Value	62	117	13.4	245	209	15.8
2. Newsprint	Quantity	20	15	— 4.4	67	446	35.0
	Value	36	27	— 4.4	120	444	34.5
3. Wrapping Paper	Quantity	46	48	0.8	116	241	19.2
	Value	133	139	0.8	338	243	19.4
4. Carton Board and Cardboard	Quantity	22	29	5.7	62	213	16.4
	Value	66	87	5.7	186	213	16.4
Total	Quantity	104	122	3.2	308	252	20.3
	Value	297	370	4.4	889	240	19.1

TABLE 230 — Import Estimates for Different Varieties of Paper

(Thousand Tons)
(Million TL)
(At 1965 Prices) (CIF)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
1. Writing and Printing Paper	Quantity	8	10	4.6	17	170	11.2
	Value	16	19	3.4	33	173	11.6
2. Newsprint	Quantity	11	31	23.0	9	29	— 16.0
	Value	12	36	24.6	10	27	— 17.0
3. Wrapping Paper	Quantity	9	40	34.5	51	127	4.9
	Value	16	72	35.5	75	104	0.8
4. Carton Board and Cardboard	Quantity	1	7	49.5	13	185	13.0
	Value	2	13	42.0	23	177	12.1
Total	Quantity	**29**	**88**	**24.8**	**90**	102	0.4
	Value	46	140	25.0	141	100	—

TABLE 231 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	317.2
1968 - 1972 Period	1 850.0

d. BALANCE OF FOREIGN TRADE

No export of paper industry products is expected during the Second Plan period. Foreign trade balances for this period are shown in Table 232.

TABLE 232 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972
Imports (CIF)	140	140
Exports	—	—
Difference	— 140	— 140

3. MEASURES

a. Emphasis will be placed upon the more efficient utilisation of the agricultural and forestry residues of foliated trees.

b. A long-term programme will be adopted to grow trees suited to the technology of the installations in the regions where they are established.

c. In the paper mill regions, forest ground to be reserved for industrial purposes will be determined and possibilities will be sought to initiate a pilot project under which the utilisation of forests and the conservation and supervision activities of the Cellulose and Paper Organisation will be carried out by the Forestry Department.

d. Efforts will be made to meet the cellulose requirements of the installations to be established by the private sector from existing installations and from those to be established later.

e. Production of paper wood on privately owned land will be encouraged.

PRINTING INDUSTRY

1. OBJECTIVES

a. OBJECTIVES

As a fundamental principle, no printing offices will be established by public organisations.

b. DEVELOPMENTS AND PROBLEMS

Public and private sector enterprises related to the printing industry are concentrated in Istanbul, Ankara and Izmir. The provincial printing offices which are located outside the big cities do not have composing machines and the letters are set manually. Most of the printing machines used in these offices are very old.

During the First Plan period, the development attained by the public sector was in the direction of bringing together the machine pool which was widely scattered, in order to ensure a more productive operation. On the other hand, the efforts of the private sector were directed towards expansion and specialisation in the printing of newspapers, packaging, advertisements, books and periodicals.

The establishment of schools to provide in-service training was programmed and initiated in 1967.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

(1) Domestic Demand

The expected developments in the demand for products of the printing industry during the Second Plan period are summarised below according to basic groups.

The number of copies of books and pamphlets to be printed, other than rotary press newspapers and periodicals, will show an upward trend during the Second Plan period. The increasing demand will necessitate the creation of new capacity through the expansion of existing installations.

Packaging prints vary according to the demand of the manufacturing industry. Although the existing establishments are at a capacity to meet the considerable demand required by the manufacturing industry, packaging material for the detergent, food and cosmetic industries are imported from abroad. The Second Plan, however, foresees the supply of this type of printed packaging material through domestic production.

The demand for advertisement posters related to health services, tourism, trade and industrial products is constantly increasing. An increase in the printing capacity and improvement in the quality of the work will ensure development in conformity with demand

Work initiated on the standardisation of forms used in public services has not yet been completed. The completion of this work will ensure the creation of new capacity without making new investments through the savings to be realised in manpower and equipment. Consequently, the increasing demand during the Second Plan period will have to be printed in the already installed printing offices. However, increasing demand for the special forms to be used by electronic computers will be met by new investment.

In spite of the existence of domestic production capacity, training-aids other than note-books are widely printed abroad due to customs facilities. The Plan gives high priority for investments required by this type of printing. Note-books which are printed in substandard high-cost establishments are very expensive. These establishments will have to be improved through new investment.

Domestic demand estimates for the printing industry based on the developments referred to above are indicated in Table 233.

(2) Exports

The export of printed products showed limited development in the past. However, the volume of demand recently created by Turkish workers in Germany has exerted a considerable influence over exports. This increase in demand is expected to continue during the Second Plan period. The printing industry export estimates are indicated in Table 234.

b. PRODUCTION AND IMPORTS

(1) Production

The production of printed products has marked a significant increase parallel to developments attained in the manufacturing industry, increases in the rate of literacy and the country-wide distribution of newspapers. The increase of 10 per cent recorded in paper consumption confirms the development attained by the printing industry. During the Second Plan period, new investments will be made for the substitution of the printing work currently carried out abroad. These investments will cause a substantial increase in production. The printing industry production estimates are indicated in Table 235 according to basic groups of products.

(2) Imports

The printing industry import estimates are indicated in Table 236 according to basic groups of products. Newspaper, book and periodical imports are expected to increase, against a decline in the import of advertisement posters and printed training-aids.

TABLE 233 — Domestic Demand Estimates

(Thousand Tons)
(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Newspapers, Books, Periodicals and Pamphlets	51.7	144.0	22.9	260.0	179	12.3
2. Packaging Prints	61.0	121.0	14.6	224.0	185	13.0
3. Advertisement Posters	14.6	45.8	25.7	76.0	166	10.6
4. Forms	30.0	54.4	12.4	99.0	182	12.7
5. Printed Educational Material	25.6	65.3	20.5	115.0	177	12.1
6. Others	25.0	37.0	8.2	68.0	183	12.8
Total	**207.9**	**467.5**	**17.6**	**842.0**	**180**	**12.4**

TABLE 234 — Export Estimates

(Thousand TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Newspapers, Books, Periodicals and Pamphlets	354	2,000	41.4	4,125	206	15.6
2. Advertisement Prints	6	175	96.0	1,375	785	51.0
3. Printed Educational Material	100	325	26.6	1,375	423	33.3
Total	**460**	**2,500**	**40.2**	**6,875**	**275**	**22.6**

TABLE 235 — Production Targets

(Million TL)
(At 1965 Manufacturers Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Newspapers, Books, Periodicals and Pamphlets	51	135	21.5	249	184	12.9
2. Packaging Prints	61	121	14.8	224	185	13.0
3. Advertisement Posters	14	40	23.3	74	185	13.0
4. Forms	30	54	12.4	99	183	12.8
5. Printed Educational Material	24	63	21.3	116	184	12.9
6. Others	25	37	8.2	68	183	12.8
Total	205	450	17.0	830	184	12.9

TABLE 236 — Import Estimates

(Thousand TL)
(At 1965 Prices) (CIF)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Newspapers, Books, Periodicals and Pamphlets	1,060	11,000	60.0	14,200	129	5.2
2. Advertisement Prints	660	6,000	58.0	3,500	58	— 10.7
3. Forms	60	400	46.0	300	75	— 4.4
4. Printed Educational Material	1,750	2,600	8.2	1,000	90	— 17.6
Total	3,530	20,000	41.0	19,000	95	— 1.3

c. INVESTMENTS

Investments in the printing industry during the Second Plan period will be directed into the establishment of printing offices needed for the production of packaging prints, forms and cards for electronic computers and printed training-aids and note-books, in particular. The existing installations, on the other hand, are expected to make additional investments in order to meet increasing demand. Investments of the printing industry are shown in Table 237.

TABLE 237 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	161.5
1968 - 1972 Period	200.0

d. BALANCE OF FOREIGN TRADE

During the Second Plan period no significant changes will occur in the imports of the printing industry. In spite of an increase in exports, the balance of foreign trade of the sector will show a deficit. The balance of foreign trade of the sector is indicated in Table 238.

TABLE 238 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rate of Increase (%) (4)
Exports (FOB)	2.0	5.5	275	22.6
Imports (CIF)	20 0	19.0	95	— 1.3
Difference	— 18.0	— 13.5	75	— 4.4

PRODUCTION OF LEATHER AND LEATHER GOODS

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. Processed and semi-processed leather will be exported instead of the unprocessed leather of ovine animals, parallel to the increases and developments to be attained in capacity and technical methods.

2. Measures will be taken and production methods improved to produce processed leather in the quantity, quality and standards required by the enterprises using processed leather.

b. DEVELOPMENTS AND METHODS

The production of leather of any kind and the processing of it at any degree, including finished and semi-finished products (excluding shoes and clothing), are considered within the scope of this sector. In the course of many years no internal or external changes have taken place towards improving the structure of this sector which is composed of a large number of small and scattered units. The measures needed to be taken for the development of this sector were stipulated in the First Plan and Programmes. These measures, however, have not yet been fully realised. Developments recently attained in the meat industry have been of a nature to exert a favourable effect on the leather industry.

The principal problems currently facing this sector may be summarised as follows:

(1) A sufficient amount of unprocessed leather needed for finished products of high quality is not produced due to disease, damage, improper skinning and inefficient storage.

(2) Another important factor restricting the production of high quality leather products is the shortage of technical personnel and of technological know-how.

(3) Skins of ovine animals are exported without being processed due to insufficient existing capacities. Skins of bovine animals, on the other hand, are not produced at a level to meet domestic demand for the stout leather used for soles.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

(1) Domestic Demand

Domestic demand estimates for the processed skin of ovine and bovine animals are indicated in Table 239. During the Second Plan period, an increase at the rate of 7.9 per cent per annum is expected to occur in the volume of demand. Decline in the rate of increase compared to the First Plan period may be attributed to the increase in the consumption of leather substitutes and to the creation of export opportunities.

(2) Exports

Export estimates for the Second Plan period are indicated in Table 240. During the Plan period most of the exports will be composed of processed leather rather than unprocessed skins. As shown in the table, a higher rate of increase will take place in export earnings due to the increasing export of processed leather.

b. PRODUCTION AND IMPORTS

(1) Production

Production estimates for the leather industry are shown in Table 241. During the Second Plan period, the most significant development will be attained in the production of processed leather of ovine animals, which will rise at a rate of 27.2 per cent per annum. This development will be achieved when the Leather Processing Institute, which is presently in the process of establishment, is put into operation.

(2) Imports

The Plan does not foresee the import of processed leather. However, unprocessed skins of bovine animals needed for the production of the stout leather used for soles will be imported from abroad because there is not enough domestic production to meet demand. The value and quantity of leather imports which are covered under agricultural products in the foreign trade statistics, are indicated in Table 243.

c. INVESTMENTS

Investment estimates for the leather industry are indicated in Table 242. During the Second Plan period, parallel to the investments to be made in meat processing plants, leather processing plants will also be established in the various regions of the country. Eastern Anatolia, which is considered the livestock centre of Turkey, will be given high priority in the establishment of these plants. Investments will be aimed at encouraging co-operation among the existing enterprises and the employment of advanced techniques in production.

TABLE 239 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Bovine Animal Processed Leather	145	174.6	3.7	232.0	132.9	5.9
Ovine Animal Processed Leather	27.0	45.4	10.9	90.0	198.2	14.6
Total	**172.0**	**220.0**	**5.0**	**322.0**	**146.3**	**7.9**

TABLE 240 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Bovine Animal Processed Leather	53.0	71.0	6.0	40.0	56.0	—
Ovine Animal Processed Leather	—	2.0	—	78.0	3 900.0	—
Total	**53.0**	**73.0**	**6.5**	**118.0**	**161.6**	**10.1**

Note : Factory sale price of goods to be exported

TABLE 241 — Production Targets

(Million TL)
(At 1965 Producer Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Ovine Animal Unprocessed Leather	53.0	71.0	6.0	40.0	56.3	—
Ovine Animal Processed Leather	27.0	50.4	13.2	168.0	333.3	27.2
Bovine Animal Processed Leather	145.0	178.6	4.2	232.0	129.9	5.3
Total	**172.0**	**300.0**	**11.7**	**440.0**	**146.6**	**7.9**

TABLE 242 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
	(1)
1963 - 1967 Period	47.5
1968 - 1972 Period	150.0

TABLE 243 — Import Estimates

(Million TL)
(Thousand Tons)
(At 1965 Prices) (CIF)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Bovine Animal							
Stout Unprocessed Leather	Quantity	5.1	5.8	2.6	8.5	146.0	7.9
	Value	17.8	20.0	2.4	30.0	150.0	8.5

d. BALANCE OF FOREIGN TRADE

Estimated imports and exports for the years 1967 and 1972, the base and final years of the Second Five-Year Plan period, are indicated in Table 244.

TABLE 244 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rate of Increase (%) (4)
Exports (FOB)	74.0	120.0	162.5	10.2
Imports (CIF)	20.0	30.0	150.0	8.5
Difference	+ 54.0	+ 90.0	169.2	10.8

3. MEASURES

a. Following the creation of conditions to enable the export of processed skins, raw skin exports will be subjected to licensing.

b. Leather and skin processing units which are centralised in Kazli-Çeşme, İstanbul, will be moved to a suitable location on the Anatolian side of the city in order to increase the capacity of these units and to facilitate the export of leather products to European countries.

RUBBER INDUSTRY

I. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The objective will be to meet fully the demand for this industry through domestic production and to supply its principal inputs locally.

(2) In meeting the demand for tyres, efforts will be made to increase the rate of utilisation of recapping and the effective utilisation of capacities will ensure substantial savings in this existing branch of industry.

(3) Efforts will be made to reduce tyre prices during the Second Plan period.

b. DEVELOPMENTS AND PROBLEMS

A significant structural change took place in the rubber industry during the First Plan period. Prior to this period, 75 per cent of the total production of this sector was composed of rubber shoes. Tyre plants, which were established through the participation of foreign capital, were put into operation at the beginning of 1963. As a result of this development, the relative share of tyres in total production rose to 80 per cent. This structural change brought about a shift in rubber imports from finished products to raw materials.

In spite of these developments, the net import substitution created by tyre production corresponded to only 30 per cent of production during the First Plan period. In the Second Plan period, efforts will be made to increase this ratio by producing locally the basic inputs such as synthetic rubber, carbon black and cord fabrics.

Among the other problems caused by the present structure of the sector, the low capacity and scattered nature of the units occupy an important place. The initial capacities established even for the tyre plants, which occupy a very significant place in the production of the sector, were very low for enterprises of this nature (100,000 - 200,000 tyres per annum). This low capacity caused an increase in manufacturing costs, compared to the world market prices. Although the high manufacturing costs are not caused only by the low capacity, this fact has an important place in price formation.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

1. Domestic Demand

In calculating demand estimates for the Second Plan period, different methods have been employed for each group of basic commodities. Demand estimates for tyres have been calculated on the basis of the total number of vehicles and the tyre-wearing coefficient of each type of vehicle. The needs of the vehicle manufacturing industry have also been taken into consideration. The volume of demand indicated in the Plan has been found after deducting that to be met through recapping. The domestic demand for tyres, which has been calculated as stated above, shows an average rate of increase of 9.3 per cent per annum. However, the demand for rubber products as a whole is expected to increase by 9.6 per cent per annum and reach TL 1 750 million in 1972. The domestic demand for the principal products of the rubber industry is indicated in Table 245 and compared to the figures for the First Plan period.

2. Exports

The products of this sector are expected to show a substantial export potential in the Second Plan period. Tyre plants may start to export their products during this period.

b. PRODUCTION AND IMPORTS

(1) Production

Production estimates are shown in Table 246.

The average annual rate of increase in the production of this sector is expected to reach 10.2 per cent. Out of the basic commodity groups of this sector, the rate of increase in the production of "Other Rubber Products" is expected to reach 16.0 per cent due to the substantial rise to be recorded in the articles of rubber used in industry. Tyre production is estimated to reach 9.2 per cent, while the production of rubber shoes is expected to rise at a rate of 3.6 per cent.

c. IMPORTS

The portion of the demand for rubber products to be met through imports is indicated in Table 247, according to basic commodity groups. In calculating import estimates, regulatory imports to render the tyre industry capable of competing in the external market as to cost prices have been taken into consideration.

TABLE 245 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Automobile Tyres	Thousand Units	157	298	13.7	400	134	6.0
	Value	25	113	35.0	152	134	6.0
Bus and Lorry Tyres	Thousand Units	287	488	11.2	700	143	7.4
	Value	123	488	33.0	700	143	7.4
Tractor Tyres	Thousand Units	80	124	4.5	300	242	19.2
	Value	44	158	29.0	383	242	19.2
Rubber Shoes	Million Units	11.5	16	6.8	19	119	3.6
	Value	86	120	6.8	143	119	3.6
Other Rubber Products	Value	85	231	22.2	372	161	10.0
Total		**363**	**1 110**	**25.0**	**1 750**	**158**	**9.6**

Note : The high increase of demand, seen in the First Plan period, occurred from the lack of tyre production in 1962 and the evaluation of imports by CIF prices.

TABLE 246 — Production Targets

(Million TL)
(At 1965 Producer Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Automobile Tyres	Thousand Units	—	298		400	134	6.0
	Value	—	113		152	134	6.0
Bus and Lorry Tyres	Thousand Units	—	488		700	143	7.4
	Value	—	488		700	143	7.4
Tractor Tyres	Thousand Units	—	124		300	242	19.2
	Value	—	158		383	242	19.2
Rubber Shoes	Million Units	11.5	16	6.8	19	119	3.6
	Value	86	120	6.8	143	119	3.6
Other Rubber Products	Value	36	101	23.0	212	210	16.0
Total		**122**	**980**		**1 590**	**162**	**10.2**

TABLE 247 — Import Estimates

(Million TL)
(At 1965 Prices) (CIF)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Automobile Tyres	Thousand Units	157	—	—	—		
	Value	23	—	—	—		
Bus and Lorry Tyres	Thousand Units	287	—	—	—		
	Value	123	—	—	—		
Tractor Tyres	Thousand Units	80	—	—	—		
	Value	44	—	—	—		
Rubber Shoes	Million Units	—	—	—	—		
	Value	—	—	—	—		
Other Rubber Products	Value	49	130	21.5	160	123	4.2
Total		**241**	**130**	**—12.0**	**160**	**123**	**4.2**

d. INVESTMENTS

Investment needs of the rubber industry for the Second Plan period are indicated in Table 248.

In calculating investment needs, the existing capacity, future volume of demand, the status of projects already initiated and investments which will increase capacity were taken into consideration. As shown in the table, the total investments in the rubber industry will amount to TL 700 million in the Second Plan period. Out of this sûm, TL 520 million will be invested in the tyre industry.

TABLE 248 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	430.4
1968 - 1972 Period	700.0

e. BALANCE OF FOREIGN TRADE

During the Second Plan period, demand for the basic goods of this sector will be met through domestic production. Regulatory imports and the import of goods which are not produced locally are indicated in Table 249.

TABLE 249 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rate of Increase (%) (4)
Imports (CIF)	130	160	123	4.2
Exports (FOB)	—	—	—	—
Difference	—130	—160	123	4.2

3. MEASURES

a. Co-ordination will be established between the producers and users in order to ensure an increase in import substitutions in this sector.

b. Regulatory imports will be made in order to encourage the adoption of measures which will render the rubber industry capable of competing in international markets.

PLASTIC PROCESSING INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Under the Second Plan the objective will be to discontinue the import of plastic products which are produced locally in sufficient quantity and quality and to produce locally the basic raw materials of the required quality and variety which are used in the plastic industry.

(2) Production techniques in the plastic processing industry will be improved to increase the quality of manufacture.

b. DEVELOPMENTS AND PROBLEMS

Replacement by plastic of the traditional materials used in the manufacture of various goods and articles has caused rapid development in the plastic processing industry.

During the First Plan period, demand for plastic processing products was almost fully met through domestic production. The total production value of plastic products which amounted to TL 149 million at current prices in 1962 is estimated to register an increase of 142 per cent and rise to TL 360 million by 1972. (*)

In spite of the above mentioned increases in production, per capita plastic product consumption is estimated to reach 1.5 kilogrammes, including the plastic products used in other sectors. Compared to European countries, plastic consumption in Turkey is very low.

The plastic processing industry is fed by raw and auxiliary materials which are imported from abroad. However, in recent years, plasticizers, which are an auxiliary material of this industry, and certain polymers which are used in the paint industry, began to be produced locally. These products, however, are produced with imported chemicals.

During the First Plan period the plastic processing industry was not able to import raw and auxiliary materials in sufficient quantity, due to import difficulties. Potential demand for plastic products exceeds

---

(*) Plastic cables and electrical equipment and plastic articles manufactured for the machinery manufacturing industry, have been left out of the "Plastic Processing Industry" section and are dealt with under the pertinent sectors.

production. Limited imports effected through allocations have shaped the present structure of this industry which is composed of many small units and of very few large enterprises. As a consequence of this situation, about 35 - 45 per cent of the installed capacity remains idle, existing enterprises are now and then obliged to operate with a large volume of raw material stock, artificial increases occur in price, and demand always exists in the market, even for low quality products.

Plastic technology in the world is in the process of rapid development. Existing installations are obliged to adapt their activities to new plastic varieties and technological advances. Technological developments in Turkey are not achieved at the desired speed. Machinery used in the existing installations is usually very old and in need of renovation.

During the Second Plan period, realisation of domestic production of plastic raw materials will create a substantial import substitution, on the one hand, and solve the problems related to small units, idle capacity and excessive stock, on the other. Finding a solution for the other problems depends upon adoption and effective implementation of the principles and measures referred to above.

2. SECOND FIVE-YEAR PLAN TARGETS AND ESTIMATES

a. DEMAND

(1) Domestic Demand

Total domestic demand for plastic articles and products in 1972 is indicated in Table 250 and compared to the figures for the First Plan period. During the Second Plan period, a higher rate of increase is expected to occur in the demand for plastic pipes and construction and decoration material.

Considering the total production of the plastic processing industry and the total volume of plastic articles and products to be used in other sectors of the economy, per capita consumption of plastic products is estimated to amount to a minimum of 2 kilogrammes by 1972.

Demand and production estimates for the principal plastic products are indicated under the section dealing with the Chemical Industry Sector.

(2) Exports

Although no estimates have been made on the value of plastic products which might be exported, during the Second Plan period export possibilities may arise for plastic floor tiles, in particular.

TABLE 250 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Plastic Goods and Products	149	360	19.3	800	222	17.3

b. PRODUCTION AND IMPORTS

(1) Production

During the Second Plan period, demand for plastic articles and products will be met fully through domestic production. Because of this consideration, the figures indicated in the table on "Domestic Demand" will correspond to the production figures as well.

(2) Imports

No imports of plastic articles and products will be made during the Second Plan period. Certain auxiliary materials, however, may be imported for the production of special types of plastics but the volume of these materials will not be significant.

c. INVESTMENTS

Investment estimates for the plastic processing industry are indicated in Table 251.

During the Second Plan period, out of TL 235 million of estimated investments, approximately 70 per cent will be made for machinery and equipment. Conformity of the machinery to be used in the plastic processing industry with the most advanced technological developments, is of great importance as to productivity and quality of finished products. Particular attention must be given to avoid investments in machinery and equipment of the primitive and low-productivity types.

TABLE 251 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	108.3
1968 - 1972 Period	235.0

d. BALANCE OF FOREIGN TRADE

During the Second Plan period, this sector will not have an effect on the balance of foreign trade of the economy since no import or export of plastic products has been stipulated in the Plan. This sector, however, may have a favourable effect on the foreign trade balance through the initiation and encouragement of the export of certain finished products.

3. MEASURES

a. The plastic products which are in greatest demand and whose standardisation is required will be determined and standards for these products will be established and put into implementation.

b. No system or short-term training programmes providing training for plastic technology have been adopted in Turkey. Measures will be taken to ensure the inclusion of subjects and courses on plastic technology in the training programmes of the technical institutes of college and high school grade and intermediary training courses will be organised in co-operation with industrialists.

CHEMICAL INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The objective will be to integrate the small and unproductive establishments which belong to the private sector, particularly those in the pharmaceutical industry, into stronger establishments to ensure their survival.

(2) The State will support technological research and provide current technologies in order to give a strong technical and economic background for developments in the chemical industry.

(3) The human factor, which is the basis of development in the chemical industry, will be given priority and the required number of engineers, chemists, researchers and technicians will be trained.

b. DEVELOPMENTS AND PROBLEMS

The total production of the chemical and pharmaceutical industry has shown a relatively important development in recent years. The total production value of the sector in 1967 was nearly double that of 1962 at constant prices (TL 2,220 million as compared to TL 1,140). The increase in the chemical industry in the period before the Plan can be accepted as the starting point of a faster development which will be undertaken in the coming years.

The development of the First Plan period is not only the result of large investments, but rather due to the utilisation of idle capacity and the production increments which could be made without the necessity of large investment. There were important delays in the large investment projects programmed for the First Plan Period. Efforts were made to satisfy the increasing demand for chemical goods through imports, which increased faster than production and yet were generally insufficient. In spite of the insufficent imports, it is anticipated that the import value of chemical goods in 1967 will be more than double that of 1962. For the same period the relative share of the goods of the sector in total imports increased from 12.7 per cent to 23.7 per cent. The imports of chemical products composed nearly one-fourth of the total imports in 1967. This is a very high ratio which should be reduced by domestic production.

Prior to the Plan period the structure of the chemical industry was directed to consumer goods. This structure did not inprove greatly by the end of the First Plan period. In 1962 consumer goods made up to 57 per cent of the total production and this ratio was reduced to 51 per cent in 1967. It is anticipated that this ratio should start to decrease rapidly in the period 1968 - 1972 and that the production of raw materials and chemical goods in the nature of intermediary products will gain importance.

As far as exports are concerned the chemical industry entered an important phase of development in certain areas towards the end of the First Plan period. The export of boron compounds, which was programmed to start in 1967, was an important step in exporting manufactured chemical goods. The traditional export goods of the chemical sector obtained from agricultural products showed either reduction or only slight development. Although many possibilities have arisen in the export of agricultural insecticides and medical drugs, little effort was made to take advantage of them

An investment of TL 2,735 million at 1961 prices was planned for the chemical industry for the period 1963 - 1967. It is anticipated that only 65 per cent of this investment will be realised. This situation has delayed completion of the projects, particularly those belonging to the public sector, until the Second Plan period. During the First Plan period the investments of the chemical industry were in the direction of rapidly increasing public sector investments. In 1963, 15 per cent of the investments were undertaken by the public sector and by 1967 this ratio rose to 75 per cent. During this period, although increases were recorded in the investments of the private sector, their relative share in total investment decreased. This is the consequence of the increase in investment of a heavy industry nature undertaken by the public sector.

In the period before the First Plan, the private sector chemical industry investments were for consumer goods. During the First Plan period however, to a certain extent, these investments developed in the direction of intermediary products and in 1367 consumer goods comprised 65 per cent of the total private sector production. The main reasons for the tendency of the private sector to invest in consumer goods are : the possibility of obtaining a profit with the least investment and the application of an expenditure tax to all chemical goods in the nature of intermediary products. During the first years of the First Plan period, the domestic production of all drugs, with the exception of a few patent drugs, was realised by the pharmaceutical industry which is almost entirely owned by the private sector. On the other hand, although some steps have been made in the production of active basic drug materials, the developments in this field have not reached the desired levels. Although world renown pharmaceutical firms having branches in Turkey made several attempts to produce active drug materials, their attempts did not generally go beyong the application of a few basic chemical methods. These firms used their resources to increase the capacity to produce patent drugs and in recent years they own most of the production of the pharmaceutical industry. The measures in the First Plan restricting expansion of the above mentioned firms in patent drug production, were insufficient and generally ineffective. On the other hand, in the production of patent drugs, the products of domestic firms are generally of the same quality as that of developed nations. However, because of severe competition in the pharmaceutical industry, the relative share of domestic firms in the total drug production decreased, whereas that of foreign firms producing in Turkey increased. Changing this proportion is important to the future of the pharmaceutical industry.

Towards the end of the 1963 - 1967 period, there were attempts to merge the domestic establishments in the pharmaceutical industry. Although these establishments tried to produce active drug materials, their efforts were minor. The expansion of these effort is one of the factors that would strengthen the development of these establishments and the pharmaceutical industry.

The necessary measures will be taken to change from the production of domestic raw opium to that of medicinal commodities, while initiating the production of active drug materials.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

Developments planned in the agricultural and industrial sectors create a great demand for the products of the chemical industry. The close relationship of the increase in agricultural production with the consumption of fertilizers and agricultural insecticides and pharmaceuticals; the rapid developments in the replacement of traditional household utensils by more economical synthetic ones and the development of health expenditure parallel to general growth, rapidly increases the demand for chemical goods, synthetic products and health preparations.

In the Second Plan period a rapid increase in the demand for basic and industrial chemical goods, fertilizers, detergents, plastic goods and artificial and synthetic fiber groups are anticipated. Meanwhile, new demand arises for chemical products which are not yet introduced or are new in Turkey.

Estimated demand during the Second Plan period in the basic chemical goods which have a demand value of more than TL 10 million are shown in Table 252 with their rate of increase. The domestic demand value of the total sector commodities which could be found by adding the various chemical goods, explosives and cosmetics which are not illustrated in the table, are given at the end of the table.

TABLE 252 — Domestic Demand

Commodity Groups	Unit (1)	1962 (2)	1967 (3)	First Plan Annual Increase (%) (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Annual Increase (%) (7)
Basic Chemical Materials :							
Soda	Tons	27,891	50,000	12.3	85,000	170	11.2
Caustic Soda	Tons	21,194	35,000	10.5	62 000	177	12.1
Sulphuric Acid (100 %)	Tons	33,079	130 000	31.5	1,000,000	769	50.4
Salt	Tons	365,348	480,000	5.6	740,000	154	9.0
Other Chemical Materials Used in Industry :							
Sodium Bicarbonate	Tons	2,349	8,500	29.3	13,000	153	8.8
Sodium Perborate	Tons	. .	1,300	. .	2,800	215	16.6
Sodium Phosphates	Tons	. .	5.000	. .	16 000	320	26.2
Ammonium Nitrate (Technical)	Tons	2,040	5.000	19.6	7,300	146	7.8
Carbide	Tons	7,321	10 000	6.5	16,400	164	10.4
Titanic Dioxide	Tons	988	3,500	28 7	8.000	229	18.0
Zinc Oxide	Tons	1,832	2.800	8.9	4.000	143	7.4
Chlorine	Tons	1,751	10,600	43.4	41,300	389	31.2
Phosphoric Acid (Other than Fertilizer Production)	Tons	28	350	65.8	13,500	3,857	107.6
Acetic Acid	Tons	678	900	5.9	2,300	256	20.6
Ethyl Alcohol	Mil/Liters	18	25	6.8	31	124	4.4
Benzene	Tons	4,139	8,350	15.1	40.000	479	37.0
Xylene	Tons	412	1,250	24.9	8,400	672	46.3
Phytalic Anhydride	Tons	. .	3,000	. .	7,000	233	18.4
Phenol	Tons	. .	1,000	. .	3,500	350	28.5
Caprolactam	Tons	—	—	—	10,900	—	—
Acrylonitrile	Tons	—	—	—	3,900	—	—
Dimethly Terephthalate	Tons	—	—	—	5,850	—	—
Ethylene Glycol	Tons	—	—	—	3,200	—	—
Dodecyl Benzene	Tons	. .	2,800	. .	8,700	311	25.4
Chemical Fertilizers :							
Nitrogen (20 % N)	Tons	104,528	1,064,000	27.2	1,500 000	250	20.2
Phosphorus (18 % P_2O_5)	Tons	180,316	600 000	59 0	2,430 000	228	18.0
Potassium (50 % K O)	Tons	10,471	36,000	28.0	60,000	167	10.8
Dyes :							
Textile Dyes	Tons	2,342	3,000	5.1	4,000	133	5.9

TABLE 252 — (Continued)

Commodity Groups	Unit	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Plactics, Plasticizers, Synthetic Rubber and Carbon Black :							
Polyvinyl Chloride	Tons	5,650	13,000	18.1	31,000	238	18.8
Polyethylene	Tons	2,550	6,000	18.7	14,000	233	18.4
Polystrene	Tons	1,980	5,000	20.3	11,000	220	17.1
Formaldeh de Plastics	Tons	..	3,000	..	5,500	163	10.3
Polyvinyl Acetate	Tons	..	3,200	..	6,500	203	15.2
Plasticizers	Tons	..	4,300	..	10,500	244	19.5
Synthetic Rubber	Tons	1,752	9,500	40.3	18,500	194	14.2
Carbon Black	Tons	1,632	8,500	39.1	14,600	172	11.4
Artificial and Synthetic Yarn and Fibers :							
Rayon	Tons	3,340	5,200	9.3	8,000	154	9.0
Viscon	Tons	2,850	7,500	21.3	13,000	173	11.6
Polyamide Thread and Fiber	Tons	2,366	4,300	16.8	9,700	226	17.8
Polyacrilontryl Thread and Fiber	Tons	800	1,650	15.6	3,600	218	16.8
Polyesther Thread and Fiber	Tons	770	2,500	26.5	5,200	208	15.8
Industrial Oils :							
Oil Cake	Tons	8,000	10,800	6.2	16,800	156	9.3
Tallow	Tons	18,170	26,500	7.8	20,000	77	—5.8
Paints and Varnishes :							
Paints	Tons	7,300	13,600	13.2	21,900	161	10.0
Varnishes	Tons	1,583	2,500	9.6	3,500	140	7.0
Soaps and Detergents	Tons	77,000	96,000	4.5	95,000	99	—0.2
Detergent Preparations	Tons	4,500	18,000	31.9	55,000	306	25.0
Medical Drugs	Mil.TL	350	604	11.6	920	152	8.7
Agricultural Insecticides and Drugs	Tons	..	24,600	.	31,700	129	5.2
Other Commodities :							
Vallex	Tons		4,900	..	5,200	106	1.2
Matches	Mil.Boxes	577	735	4.9	875	119	3.6
Chemical Sector, Total Value of Domestic Demand (at 1965 Prices)	Mil.TL	1 935.2	3 835	14.7	7 690	201	15.0

Note : The slow increase in the demand of agricultural pesticide products during the Second Plan period, illustrated in Table 252, is only related to the quantity of these drugs. As these drugs are now stronger, less is required.

(2) Exports

The estimates of chemical sector exports are shown in Table 253.

The chemical sector, which has a very small share in total exports can be divided into two groups by their export characteristics. These two groups are traditional products and new products.

Traditional Products

Although traditional export products such as attar of roses and valex have limited potential, they can be developed by marketing activities and measures for quality improvement.

New Opportunities

In European markets Turkey has significant apportunities, particularly when borax and boric acid will be exported in 1967. If the boron ore can be processed before it is exported and if the required marketing patterns are established, new capacity can be found and the export values given in the table exceeded.

Patent medical drugs and agricultural insecticides and drugs have significant export potential. If this potential can be mobilised, production can easily go beyond the values given in Table 253.

b. PRODUCTION AND IMPORTS

The Turkish chemical industry will be oriented toward import substitution during the Second Plan period. It is ;planned to satisfy the rapidly increasing demand for chemical goods by production rather than by imports. Domestic production of those import substitutes at economic capacity are also planned. Through this import substitution production, the chemical industry has a significant role in reducing the foreign trade deficit. In 1972 The level of production has been planned to be 161 per cent over that of 1967 and the maximum increase in imports is anticipated to be 21 per cent. In the 1968-1972 period, development of production and imports will emphasise raw materials and chemical materials of an intermediary nature.

(1) Production

The total production value of the chemical sector is estimated to be TL 2.220 billion in 1967 and it is expected that this value will reach TL 5.800 billion in 1972.

It is anticipated that in the 1968-1972 period domestic demand for the following goods should be, to a large extent, met by domestic production.

a) Basic chemical materials.

b) Chemical fertilizers containing nitrogen and phosphorus, and pesticides.

c) The commonly used synthetic yarns and fibers.

d) Plastic materials.

e) High quality active drug materials for which there is a sufficient demand.

f) Industrial chemical goods whose import quantities are sufficient to establish economic capacity.

Table 254 indicates the estimated output of the products whose production value exceeds TL 10 million in the Second Plan period. There are some goods that are not included in this table although their demand is expected to exceed TL 10 million and they can also be produced in this period. In addition, sufficient demand will arise for the production of many chemical products that can be manufactured in small or medium quantity.

As a result of the expected growth in the chemical sector during the Second Plan period, there will be an increase in the production of consumption goods which are in great demand such as patent drugs, soap, detergents and cosmetics. However, the principal growth will be in the chemical products demanded by industry. The production of goods that go directly into consumption will rise by 45.50 per cent from 1967 to 1972. On the other hand, the production of intermediary goods is expected to grow by 280 per cent. Thus, the output of consumption goods is anticipated to fall to approximately 30 - 35 per cent of the chemical sector production in 1972, while it is estimated to constitute 51 per cent of the activities of the sector in 1967 .

TABLE 253 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Vallex	5.6	4.3	—5.4	3.8	88	—2.5
Liquorice Extract	6.4	6.2	—0.6	6.8	109	1.8
Attar of Roses	3.5	4.7	6.3	6.2	132	5.7
Pharmaceuticals	—	4.0	—	20.0	500	38.0
Borax	—	3.0	—	20.0	667	46.2
Boric Acid	—	1.5	—	39.0	2 600	91.9
Other Materials	7.3	11.3	9.2	14.2	126	4.8
Total	**22.8**	**35.0**	**9.0**	**110.0**	**314**	**25.7**

TABLE 254 — Production Targets

Commodity Groups	Unit (1)	1962 (2)	1967 (3)	First Plan Annual Increase (%) (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Annual Increase (%) (7)
Basic Chemical Materials :							
Soda	Tons	—	—	—	85,000	—	—
Caustic Soda	Tons	1,973	12,000	43.5	46,000	388	31.0
Sulphuric Acid (100 %)	Tons	22,800	50,000	17.0	1,000,000	2,000	82.1
Salt	Tons	445,750	500,000	2.3	740,000	148	8.2
Othe. Chemical Materials Used in Industry :							
Sodium Biacrbonate	Tons	—	—	—	13,000	—	—
Sodium Perborate	Tons	—	—	—	2,800	—	—
Sodium Phosphates	Tons	—	—	—	10,000	—	—
Ammonium Nitrate (Technical)	Tons	2,040	5,000	19.6	7,300	146	7.8
Carbide	Tons	1,634	10,000	43.6	16,400	164	10.4
Chlorine	Tons	1,751	10,600	43.3	41,300	389	31.2
Borax	Tons	—	3,000	—	20,000	667	46.2
Boric Acid	Tons	—	1,000	—	26,000	2,600	91.9
Phosphoric Acid (Other Than Fertilizer Production)	Tons	—	—	—	13,500	—	—
Acetic Acid	Tons	129	900	47.5	2,300	256	20.6
Ethyl Alcohol	Mil/Liters	18	25	6.8	31	124	4.4
Benzene	Tons	4,139	11,000	21.6	40,000	364	29.5
Xylene	Tons	195	500	20.7	800	160	9.9
Phytalic Anhydride	Tons	—	—	—	7,000	—	—
Phenol	Tons	68	150	17.2	3,500	2,333	87.7
Caprolactam	Tons	—	—	—	10,900	—	—
Dodecylo benzene	Tons	—	—	—	8,700	—	—

TABLE 254 — (Continued)

Commodity Groups	Unit (1)	1962 (2)	1967 (3)	First Plan Annual Increase (%) (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Annual Increase (%) (7)
Chemical Fertilizers :							
Nitrogen (20 % N)	Tons	104,180	160,000	9.0	1,500,000	938	56.4
Phosphorus (18 % P_2O_5)	Tons	60,430	250,000	32.7	2,430,000	972	57.6
Dyes :							
Textile Dyes	Tons	—	800	—	2,600	325	26.5
Plastics, Plasticizers, Synthetic Rubber and Carbon Black :							
Polyvinyl Chloride	Tons	—	—	—	27,000	—	—
Polyethylene	Tons	—	—	—	12,500	—	—
Polystyrene	Tons	—	—	—	10,000	—	—
Formadehyde Plastics	Tons	—	—	—	5,500	—	—
Polyvinyl Acetate	Tons	—	3,200	—	6,500	203	15.2
Plasticizers	Tons	—	4,000	—	10,500	262	21.3
Synthetic Rubber	Tons	—	—	—	15,000	—	—
Carbon Black	Tons	—	—	—	14,000	—	—
Artificial and Synthetic Yarn and Fibers :							
Rayon	Tons	647	650	—	3,500	538	40.1
Viscon	Tons	674	1,050	9.3	8,000	762	50.1
Polyamide Yarn and Fiber	Tons	—	2,700	—	9,700	359	29.1
Polyacrilonitril Yarn and Fiber	Tons	—	—	—	3,600	—	—
Polyester Yarn and Fiber	Tons	—	—	—	5,200	—	—
Industrial Oils :							
Oil Cake	Tons	8,000	10,800	6.2	16,800	156	9.3
Tallow	Tons	4,300	7,200	10.8	8,500	118	3.4
Paints and Varnishes :							
Paints	Tons	6,600	13,400	15.2	21,800	163	10.3
Varnishes	Tons	988	2,250	17.9	3,300	147	8.0

TABLE 254 — (Continued)

Commodity Groups	Unit	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Soaps and Detergents :							
Soaps	Tons	77,000	96,000	4.5	95,000	99	—0.2
Detergent Preparations	Tons	4,500	18,000	31.9	55,000	306	25.0
Medical Drugs	Mil. TL	320	597	13.3	925	155	9.2
Agricultural Insecticides	Tons	17,908	22,680	4.9	30,725	135	6.2
Other Commodities :							
Valex	Tons	12,367	9,200	—5.8	9,000	98	—0.4
Matches	Mil. Boxes	577	735	4.9	875	119	3.6
Chemical Sector, Total Value of Demand (At 1965 Prices)	Mil. TL	1,190	2,220	13.3	5,800	261	21.2

Note : The caustic soda production will be able to reach the level to satisfy domestic demand through applying recently prepared projects.

TABLE 255 — IMPORT ESTIMATES (Million TL At 1965 Prices) (CIF)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Total Chemical Products	768	1 650	16.6	2 000	121	3.9

(2) Imports

In the Second Plan, the imports of some goods are expected to decrease or discontinue as the new plants begin functioning and their products are substituted for imported goods. On the other hand, the import of some goods which are now imported in small quantities will increase and the import of other goods will be initiated due to new types of production and developments. The share of imported chemical products in total imports is expected to be 23.7 per cent in 1967. However, planned production will reduce this share to 20 per cent in 1972.

The total value of imports of the chemical sector is estimated by the reductions in imports due to planned production and the increases in imports as a result of new needs. The import estimates are given in Table 255.

c. INVESTMENTS

Investments of TL 4.250 million are anticipated to be made in the chemical sector during the 1968 - 1972 period. Approximately TL 2 billion of this amount belongs to large scale projects of the public sector initiated in the 1963 - 1967 period, the application of which was delayed. The rest of the investment depends on the projects of the public sector prepared for the Second Plan period an the estimates of the investments that will be made by the private sector.

The estimated investments that will be made in the chemical sector during the First and Second Plan periods are shown in Table 256.

TABLE 256 — Investment Estimates

(Million TL At 1965 Prices)

	Total Investments
1963 - 1967 Period	1 829.0
1968 - 1972 Period	4 250.0

Of the TL 4.250 million investment planned to be made in the 1968 - 1972 period, 78 per cent is for machinery and equipment, 14 per cent is for construction and 8 per cent is for interest financing.

A large part of the investment planned by the public sector will be directed to the production of chemical materials which are in the nature of intermediary products.

Increases are expected in the development of private sector investments and in the production of raw materials and intermediary goods, though consumption goods occupy the largest place in the First Plan period.

Since there is idle capacity in the various phases of production of patent drugs, domestic establishments should rather invest to modernise and eliminate bottlenecks. It is expected that investments and developments will be made in the phormaceutical industry during the 1968 - 1972 period for the production of complex active drug materials, including antibiotics and vitamins.

d. BALANCE OF FOREIGN TRADE

The anticipated balance of foreign trade of the chemical sector for the years 1967 and 1972 is illustrated in Table 257. According to these estimates, the deficit of the sector increases in the Second Plan period. However, the share of the import surplus in this sector will be smaller than the total import surplus because of the low rate of increase in imports and the growth in exports. Moreover, a decrease in imports and increase in exports can be expected in the 1972 values which are shown in Table 257, according to the rate of realisation of the planned domestic production and the required measures to be taken.

TABLE 257 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Annual Second Plan Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	35	110	314	25.6
Imports (CIF)	1 650	2 000	121	3.9
Difference	—1 615	890	117	3.2

3. MEASURES

a. The chemical sector will play a large role in the industrialisation of Turkey since it will satisfy the demand for intermediary goods in agriculture and various branches of industry. The State will have a leading role in developing the technical services and in carrying out research. Thus, it will be possible to realise the anticipated investments in time to keep up with the rapidly developing technology and to adopt these advances to domestic conditions.

b. In the pharmaceutical industry, foreign capital will only be accepted for the production of active drug materials with the provision that it will not restrict development of the domestic industry. Foreign capital will not be permitted for the production of new patent medicines. The domestic establishments will be encouraged by certain measures. Foreign establishments will not be able to obtain a licence to diversify their production in the fields where domestic establishments can satisfy domestic demand.

c. The quality of agricultural insecticides and drugs will be controlled and the necessary legal and administrative measures will be taken to avoid the import, production, distribution and sale of impure drugs.

PETROLEUM PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) All public establishments performing petroleum exploration, production transportation, distribution and selling will be merged into one organisation.

(2) In order to have an adequate domestic production of petroleum products, increases in demand will be closely observed, capacity growth activities will be completed in ample time and established capacity will be created in reasonable excess of demand.

(3) The production programme of the refineries will be organised in such a way so as to require the minimum foreign exchange disbursement.

(4) New installations will be realised by the public sector.

(5) The legislation on petroleum will be reexamined taking into consideration Turkey's national interest. Thus, the legislation and implementation impeding particularly the public institutions, and the provisions of the Petroleum Law pertaining to foreign exchange, profit transfers and share of the State will be modified in conformity with the national interest.

b. DEVELOPMENT AND PROBLEMS

In 1962 just before during the First Five-Year Plan period, two new refineries with capacities of 3,200,000 tons and 1,000,000 tons began operating. Since that time, rapid increases have been recorded in both demand and production of domestic petroleum products. The demand for petroleum products was 2,200,000 tons in 1962. By 1967 this demand will reach approximately 5,000,000 tons by an annual average rate of increase of 17.8 per cent and the production of petroleum products will increase by 14.7 per cent per year during the same period. In the First Plan period, the demand for petroleum products was largely satisfied by the output of the refineries in Turkey. However, 80 per cent of the crude petroleum refined by these refineries was imported at the beginning of the period. In recent years this figure has dropped to 60 per cent.

During this period, various adjustments were also made in prices. The two main purposes of these adjustments were to increase tex proceeds and to avoid the fluctuations in consumption caused by great variations in the prices of gasoline, diesel oil and kerosene. The price adjustments made in 1965 were particularly effective.

Moreover, price increases were made in the 1967 Programme to increase tax proceeds.

The total established capacity of the three refineries that meet the petroleum products demand is 4,500,000 tons and no addition was made to this capacity in the First Plan period. However, 5,500,000 tons of raw petroleum can be refined since the capacity of these refineries is flexible. In 1967, two refineries will expand their capacity. This process should be completed by 1968. However, this additional capacity will not meet the increase in demand. By 1972 the establishment of the fourth refinery should be completed and thus about 11 million tons of established capacity should be created.

Today there are more than 3,000 gasoline service stations in the country. The investment in these depends on wide competition. Since the necessary market research is not done, stations are crowded in some regions and inefficient stations are sometimes built. This situation results in the misuse of resources.

Quality analysis and control of petroleum products is not being carried out due to the lack of adequate installations and personnel, and this results in implementation problems.

There is a great need for personnel and institutions that will apply quality control and do research on the problems of the petroleum industry.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND ESTIMATES

(1) Domestic Demand

In the petroleum products industry demand was largely satisfied by imports up to the beginning of the First Plan period. Therefore, development was limited. In 1963, domestic output began to satisfy the demand for these products and this development increased the demand for some goods that had been limited until that time. In the Second Plan period as well rapid growth is expected in the demand for petroleum products particularly those for industrial use. However, in recent years the increase in demand for some goods seen at the beginning of the First Plan period has leveled off to a normal rate and it is anticipated that this situation will continue during the Second Plan period. For example, the average annual rate of increase during the period 1967 - 1972 is expected to be 11.7 per cent for diesel oil and 14.2 per cent for fuel oil.

The results of estimates made in this sector are given in Table 258. As illustrated by this table, the demand for petroleum products recorded an average annual increase of 17.8 per cent in the First Plan period and is expected to reach 8,820,000 tons in 1972, by a rate of increase of 12 per cent in the Second Plan period.

The increasing demand for the main products of this sector is expected to slow down as compared to the First Plan period. This is due to the fact that the rate of increase of demand for gasoline and diesel oil has become normal and a well balanced increase in vechicles is expected in this period. The decrease in the demand for fuel oil can be related to the demand for heating and the quantities and fields set forth in industry. The liquid petroleum gas (LPG) demand is limited by local production capacity. However, it will show great development when the units to increase capacity are completed. It will then constitute a substitute for kerosene.

(2) Exports

In the First Plan period, petroleum products were exported. However, this should not be defined as a true export but only as a disposal of the output in excess of domestic demand. In this period, gasoline, naptha and fuel-oil were exported, but their export was gradually reduced because of the increasing domestic demand. The exports which were TL 81 million in 1963 will be only TL 28 million in 1967.

It is estimated that napha will be exported in 1968 since there will not be domestic demand. The value of this export should be TL 18 million. It is also estimated that the production of other products will meet domestic demand and that export will not be considered.

b. PRODUCTION AND IMPORTS

(1) Estimates of Production

It is assumed that refineries will continue to operate on the basis of diesel oil as main output in the Second Plan period also. The demand for petroleum products will be met by products manufactured by the domestic refineries from domestic and imported crude petroleum. The proportion of domestic and imported crude petroleum will be in the framework of the objectives and assumptions explained in the crude petroleum section.

In production estimates the demand for the main products and above mentioned assumptions were taken as a basis, and the results are given in Table 259.

As shown in the table, the production of petroleum products reached 5,227,000 tons in 1967, by an annual rate of increase of 14.7 per cent in the period 1962 - 1967. This production is expected to reach 9,100,000 tons in 1972, by recording an annual average increase of 11.7 per cent in the period 1967 - 1972. The relative importance of petroleum products in total production varies each year. In the period 1967 - 1972, an annual average increase of 10 per cent is expected in the production value, although the relative weight of the various products each having quite different prices is expected to change.

TABLE 258 — Domestic Demand Estimates For Petroleum Products

(At 1965 Main Stock Custom Duty Paid Prices)

Petroleum Products	1962		1967 (1)		1962 - 1967 Annual Average Increase (%)	1972		Index 1972 1967 = 100	1967 - 1972 Average Annual Increase (%)
	Thousand Tons	Thousand TL	Thousand Tons	Thousand TL		Thousand Tons	Thousand TL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
L.P.G. (Liquid Petroleum Gas)	1.7	1,413	100.0	83,100	126.0	175.0	145,400	187.5	13.4
Gasoline	510.5	595,753	830.0	954,500	9.9	1,100.0	1,283,700	134.5	6.0
Naphta	—	—	—	—	—	300.0	45,000	—	—
Kerosine	397.9	296,435	460.0	342,700	3.0	550.0	409,100	119.6	3.5
Jet Fuel	9.0	9,100	95.0	85,000	61.0	140.0	126,000	148.2	8.2
Diesel Oil	737.7	551,061	1,380.0	1,030,860	13.2	2,400.0	1,770,000	173.9	11.7
Fuel-oil No. 4, 5 and 6	421.8	82,250	1,900.0	370,500	34.0	3,700.0	721,000	194.6	14.2
Solvent	1.5	1,350	2.9	2,600	17.1	5.0	4,500	171.0	11.3
Asphalt	90.1	40,545	140.0	63,000	9.1	300.0	135,000	214.3	16.2
Lubricants	75.9	87,285	85.0	97,700	2.4	130.0	160,000	163.8	10.4
Others	6.2	7,130	11.0	12,100	12.0	20.0	23,000	182.5	12.7
Total	**2,252.3**	**671,322**	**5,003.9**	**3,042,060**	**12.7**	**8,820.0**	**4,822,700**	**158.5**	**9.7**

(1) Some changes were made in the 1967 Programme figures on the basis of the 1966 results. The consumption figures indicated here incorporate these changes.

TABLE 259 — Output Estimates For Petroleum Products

(At 1965 Main Stock (Average) Custom Duty Paid Prices)

Petroleum Products	1962		1967		1962 - 1967 Annual Average Increase (%)	1972		Index 1972 1967 = 100	1967 - 1972 Average Annual Increase (%)
	Thousand Tons	Thousand TL	Thousand Tons	Thousand TL		Thousand Tons	Thousand TL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
L.P.G. (Liquid Petroleum Gas)	6.0	4,986	100.0	83,100	110.2	175.0	145,400	187.5	13.4
Gasoline	522.9	610,224	830.0	954,100	9.3	1,150.0	1,342,000	140.6	7.0
Naphta	—	—	50.0	7,500	—	300.0	45,000	600.0	44.0
Kerosine	281.9	210,051	460.0	342,700	10.3	550.0	409,100	119.6	3.5
Jet Fuel	—	—	95.0	85,000	—	140.0	126,000	148.2	8.2
Diesel Oil	615.7	459,927	1,400.0	1,045,000	17.8	2,500.0	1,850,000	177.0	12.1
Fuel-oil No. 4, 5 and 6	1,115.0	217,425	2,100.0	409,000	13.5	3,800.0	741,000	181.2	12.6
Solvent	1.5	1,350	2.9	2,600	17.1	5.0	4,500	171.0	11.3
Asphalt	90.1	40,545	140.0	63,000	9.1	300.0	135,000	214.3	16.2
Others	. .	. .	50.0	5,000	—	180.0	18,000	360.0	29.2
Total	**2,633.1**	**1,544,472**	**5,227.9**	**2,997,000**	14.1	**9,100.0**	**4,816,000**	**160.7**	**9.9**

In the production main goods during the Second Plan period, developments are expected to follow demand. However, these production increases can be provided by completing the capacity expansions and new refineries in due time.

Moreover, in order to permit the realisation of the output estimates in petroleum products, which are generally consumed as intermediary goods, the expected developments in the consuming sector such as the increase in vehicles, should take place as estimated.

(2) Import Estimates

Until 1962, the imports of petroleum products were made to satisfy demand. Beginning in 1963, imports cover those goods not produced in Turkey and small quantities of goods of which domestic production is not sufficient. Among these, lubricants are needed the most and these require an increasing disbursement of foreign exchange. However, there is a wastage of lubricants in Turkey because of low-quality roads in some parts of Turkey, and the insufficiency of technical personnel. In this situation, it is necessary to provide a better control of demand and more suitable import conditions.

Grease and lubricants are blended in Turkey. However, the raw materials and the necessary inputs for blending will probably have to be supplied by imports in the Second Plan period as well. No imports of petroleum products are expected except those given in Table 260.

c. INVESTMENTS

As explained above, the existing capacity is not sufficient to meet the ever increasing domestic demand for petroleum products and, therefore, the expansion of existing refineries and investments for new plants have been initiated. There are no other significant investments projected by the private or public sectors. The investments to be made in this field during the Second Plan period will generally be for maintenance, additional small units in refineries, storage and gasoline stations. Information concerning these investments is given in Table 261.

Approximately TL 700 million, or more than 50 per cent of the total investments of the Second Plan period, consists of investments initiated in the First Plan period. Of the investments planned to be made in the Second Plan period, 40 per cent will be for machinery and equipment, 45 per cent for construction and 15 per cent for maintenance.

TABLE 260 — Petroleum Products Imports

(At 1965 CIF Import Prices)

Petroleum Products	1962		1967		1962 - 1967 Annual Average Increase (%)	1972		Index 1972 1967 = 100	1967 - 1972 Annual Average Increase (%)
	Thousand Tons	Thousand TL	Thousand Tons	Thousand TL		Thousand Tons	Thousand TL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Airplane Gasoline	3.2	1,120	3.0	1,050	—0.6	5,0	1,750	156.3	9.3
Jet Fuel	9.0	3,150	10.0	3,500	2.2	—	—	—	
Auto Gasoline	22.7	6,129	—	—	—	—	—	—	
Kerosine	130.0	42,110	—	—	—	—	—	—	
Diesel Oil	162.9	43,929	—	—	—	—	—	—	
Fuel Oil No. 4, 5 and 6	16.6	2,997	—	—	—	—	—	—	
Solvent	1.9	1,900	—	—	—	—	—	—	
Lubricants	75.9	87,285	85.0	97,700	2.4	130.0	160,000	163.8	10.4
Paraffin-Vaseline	0.4	520	0.4	520	0.0	0.8	1,258	240.4	19.1
Others	2.8	2,380	7.6	6,400	21.8	14.2	12,000	187.5	13.4
Total	**425.4**	**191,520**	**106.0**	**109,170**	**7.5**	**147.0**	**175,000**	**160.9**	**9.9**

TABLE 261 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
	(1)
1963 - 1967 Period	782.9
1968 - 1972 Period	1 150.0

d. BALANCE OF FOREIGN TRADE

It is estimated that there will be no exports of petroleum products because of the increased domestic demand in the Second Plan period. Therefore, foreign trade in this sector will be determined by the quantity of imported petroleum products. Estimates are given in Table 262.

TABLE 262 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)
Imports (CIF)	109.2	175.0	160.3	9.9
Exports (FOB)	28.2	—	—	—
Difference	—81.0	—175.0	216.0	16.6

3. MEASURURES

a. There will be a decrease in refinery costs caused by reduction in the price of imported crude petroleum and the increased use of domestic crude petroleum. Although the selling price may stay the same, the difference between the old and new costs will be used as a source of taxes.

b. The State will provide the necessary quality control in petroleum products and lubricants, set up the establishments necessary to do research in the petroleum field and recruit personnel.

c. The present and future installations will be encouraged to establish oil production units.

d. The purchase of petroleum and petroleum products from foreign companies will be made on the most suitable conditions avaitable on the international market.

e. Petroleum will be imported only when domestic production is not able to satisfy domestic demand.

CERAMICS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. Objectives

(1) It is anticipated that the only new investments to match the increase in demand during the Second Plan period will be for expansion, elimination of bottlenecks, modernisation adn maintenance.

(2) Full utilisation of the present capacity will be made and the production surplus will be exported.

b. Developments and Problems

In the First Plan period, there was a 27.4 per cent increase in domestic demand for ceramic goods. In the first year of the Plan, there was very little domestic demand for floor tile, later there was a high rate of consumption, mainly because of the rapid growth of construction activities. This high level of consumption and the 19 per cent increase in floor tile resulted in the 27.4 per cent increase in domestic demand for ceramic products. While there was such an increase in the consumption of ceramic construction material, the high price of other commodities had a restricting effect on domestic demand. In fact, the demand increase was lower for dining and ornamental houseware and sanitary equipment. Estimates of domestic demand are given in Table 263.

There was a 234 per cent increase in the production capacity of the First Plan period as compared to the first year of the Plan. Between 1963-1966, output generally stayed below the full capacity level except for sanitary equipment. Although a 20 per cent average annual increase was achieved in the total production of sanitary equipment and porcelain goods during this period, the domestic demand could not be met and imports were necessary.

In 1967, domestic demand was met by domestic production. Imports were completely eliminated except for industrial and laboratory materials, the annual average demand of which was about 30 tons.

Total investment in the First Plan for the ceramic industry was TL 95 million at current prices. However, the investment realised during 1963-1966 was TL 252 million and with the addition of the 1967 investment, total investment of the First Plan period will reach TL 290 million at 1965 prices. TL 110 million of this investment belongs to the private sector.

The main problems of the sector can be summarised as high production costs, the necessity of realising exports and inefficient utilisation of the existing capacity. In addition, significant bottlenecks are caused by the lack of raw materials in the quality and quantity required for good quality production and the technological deficiencies in various fields of production. In Kütahya chinaware particularly, the quality of production is adversely affected by the lack of consistency in prepartion of the clay, in moulding and in the baking of both the clay and the glaze.

2. OBJECTIVES AND ESTIMATES OT THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

As shown in Table 263, an annual average rate of increase of 10 per cent is expected in domestic demand during the Second Plan period.

(2) Exports

Export estimates for the ceramics industry are given in Table 264. It is anticipated that sanitary equipment will begin to be exported in 1967. The necessary measures for the most efficient utilisation of the existing export potential will be outlined in the annual programmes. These measures will be based on the results of foreign marketing activities.

b. PRODUCTION AND IMPORTS

(1) Production

An 11 per cent average annual rate of increase is expected in the total production of the ceramics industry. The estimated production increase for porcelain kitchen and dining utensils is 13 per cent and 16.5 per cent for sanitary equipment. Production targets are shown in Table 265

(2) Imports

The present production capacity is sufficient to satisfy the increases in domestic demand during the Second Plan period. Therefore, no imports will take place except for those of industrial and laboratory materials which are not produced domestically at present. These imports will Total TL 300-350 thousand and will continue until 1969.

TABLE 263 — Estimates of Domestic Demand

(Million TL) (Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Porcelain Dining and Ornamental Housewere	**Quantity**	1 870	3 460	13.1	6 080	175.7	12.0
	Value	9.5	17.6	—	31.0	—	—
Sanitary Equipment	Quantity	2 373	5 000	16.0	9 600	192.0	14.0
	Value	18.9	39.8	—	76.5	—	—
Ceramic Tiles	Quantity	—	10 500	—	16 150	153.8	9.0
	Value	—	2.6	—	4.0	—	—
Floor Tiles	Quantity	4 560	10 850	19.0	15 940	146.9	8.0
	Value	18.9	45.1	—	66.3	—	—
Industrial and Laboratory Materials	Quantity	25	0.3	—	50	200.0	15.0
	Value	0.3	25	—	0.7	—	—
Total	Quantity	**8 828**	**29 835**	**27.4**	**47 820**	**158 9**	**10.0**
	Value	47.6	115.4	—	179.5	—	—

TABLE 264 — Export Estimates

(Million TL) (Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Procelain Dining and Ornamental Houseware	Quantity	—	—	—	300	—	—
	Value	—	—	—	1.5	—	—
Sanitary Equipment	Quantity	—	350	—	1 900	542.8	40.8
	Value	—	2.8	—	15.0	—	—
Floor Tiles	Quantity	—	—	—	500	—	—
	Value	—	—	—	2.0	—	—
Total	**Quantity**	—	**350**	—	**2 700**	—	—
	Value	—	**2.8**	—	18.5	—	—

TABLE 265 — Production Targets

(Million TL) (Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Porcelain Dining and Ornamental Houseware	Quantity	128	3 600	—	6 580	182.7	12.9
	Value	0.6	19.0	—	35.0	—	—
Sanitary Equipment	Quantity	1 106	5 500	38.5	11 800	214.5	16.5
	Value	8.8	44.8	—	95.9	—	—
Ceramic Tiles	Quantity	—	10 500	—	16 400	156.2	9.3
	Value	—	2.6	—	5.0	—	—
Floor Tiles	Quantity	4 700	10 850	18.2	16 600	152.9	9.0
	Value	19.5	45.6	—	69.6	—	—
Industrial and Laboratory Materials	Quantity	—	—	—	50	—	—
	Value	—	—	—	1.5	—	—
Total	**Quantity**	**5 934**	**30 450**	**38.7**	**51 430**	**168.9**	**11.0**
	Value	28.9	112.0	—	206.0	—	—

C. INVESTMENT

No new investment is expected in the Second Plan period, except that for expansion, elimination of bottlenecks and modernisation. The investment for expansion will be made in order to meet the increased domestic demand during the initial years of the Third Plan. In the annual programmes, investments for expansion will have additional emphasis according to the development of exports of basic goods.

TABLE 266 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments (1)
1963 - 1967 Period	290.4
1968 - 1972 Period	40.0

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade of the ceramic industry is given in Table 267.

TABLE 267 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	2.1	13.5	—	—
Imports (CIF)	0.3	—	—	—
Difference	+ 1.8	+ 13.5	—	—

3. MEASURES

a. Co-operation will be provided between public and private establishments to search for sources of raw material and to determine the amount of the reserves.

b. Measures will be taken to raise the quality of ceramic goods production, particularly that of dining and kitchen utensils.

c. Effective measures will be taken to develop Kütahya chinaware.

GLASS AND GLASS PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Efforts will be made to accelerate domestic demand and exports through increased domestic output.

(2) The production targets for this sector will be realised through the investment of domestic private capital.

b. DEVELOPMENTS AND PROBLEMS

In the First Plan period, growth in capacity was recorded in the production of window glass and industrial containers that fall within the scope of the glass and glass products industry. The total production of the sector increased by an average annual rate of 23 per cent. The growing production has enabled the switch-over from imports to exports.

In the First Plan period, increases in domestic demand exceeded estimates, especially those concerning window glass and industrial containers. The growth was 11 per cent in window glass, 23 per cent in industrial containers, 11 per cent in household goods and 27 per cent in fiber glass manufacture.

The total realised investment in the sector for the First Plan period is TL 179 million on the assumption that the 1967 Programme will be realised as planned. All of this investment belongs to the private sector.

Various products of the sector can meet campetition in the world market. In this period, cost and sale prices did not change significantly.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic Demand

In the Second Plan period, it is expected that domestic demand wil increase by an average annual rate of 8.3 per cent and will reach 184,000 tons in 1972. Estimates of domestic demand are given in Table 268.

(2) Exports

In calculating foreign demand, expected exports to be realised have been taken into consideration for window glass. Concerning industrial containers, potential foreign demand and the production surplus were the determining factors.

It is anticipated that there will be an average annual rate of increase of 10.7 per cent in the export of glass and glass products during the Second Plan period and that total exports will reach 37,000 tons in 1972. Export estimates are given in Table 269.

TABLE 268 — Domestic Demand Estimates

(Million TL) (Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Household Goods (1)	Quantity	12.3	15.8	11.0	25.1	158.8	9.2
	Value	96.6	124.0	—	197.5	—	—
Industrial Containers (2)	Quantity	17.9	50.4	23.0	68.2	135.1	6.2
	Value	28.1	79.1	—	106.9	—	—
Window Glass (3)	Quantity	22.1	38.2	11.5	52.9	138.5	6.8
	Value	72.5	125.1	—	173.5	—	—
Printed Wired Glass (4)	Quantity	—	7.8	—	13.3	170.5	11.2
	Value	—	26.2	—	44.6	—	—
Glass Construction Material (5)	Quantity	—	4.6	—	5.6	121.7	4.0
	Value	—	11.5	—	14.0	—	—
Fibre Glass Manufacture	Quantity	0.3	1.0	27.2	1.9	190.0	13.8
	Value	2.0	6.8	—	12.9	—	—
Glass Wool (6)	Quantity	—	3.0	—	12.0	400.0	32.0
	Value	—	13.5	—	54.0	—	—
Glass Tubing (7)	Quantity	—	1.0	—	1.9	190.0	13.8
	Value	—	4.5	—	8.6	—	—
Others	Quantity	1.5	1.5	—	3.0	200.0	19.0
	Value	4.5	4.5	—	10.0	—	—
Total	Quantity	**54.1**	**123.3**	**18.0**	**184.0**	**149.2**	**8.3**
	Value	203.7	395.2	—	622.0	—	—

1) Including crystal glass products
2) Bottles and jars
3) Automobile glass and crystal plate is included
4) Door glass is included
5) Prophylite and glass tile
6) Integrated value and quantity
7) Fluorescent tubes are not included

TABLE 269 — Export Estimates

(Million TL) (Thousand Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Houseware	Quantity	—	0.3	—	0.8	266.7	21.7
	Value	—	2.0	—	5.2	—	—
Industrial Containers	Quantity	—	10.4	—	13.9	132.7	5.9
	Value	—	8.0	—	11.1	—	—
Window Glass	Quantity	0.1	11.8	—	22.0	186.4	13.2
	Value	0.2	12.2	—	23.2	—	—
Others	Quantity	—	—	—	0.1	—	—
	Value	—	—	—	2.0	—	—
Total	Quantity	**0.1**	**22.5**	—	**36.8**	**163.1**	**10.7**
	Value	0.2	22.2	—	41.5	—	—

Note : Factory production cost for export goods

TABLE 270 — Production Objectives

(Million TL) (Thousand Tons)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Houseware	Quantity	12.3	17.7	7.5	28.5	161.0	10.0
	Value	96.6	139.0	—	225.0	—	—
Industrial Containers	Quantity	17.9	67.6	30.3	100.0	147.9	8.2
	Value	28.1	106.1	—	158.0	—	—
Window Glass	Quantity	22.1	58.0	21.1	82.3	142.1	7.3
	Value	72.5	190.0	—	271.0	—	—
Coloured and Wired Glass	Quantity	—	—	—	14.6	—	—
	Value	—	—	—	49.1	—	—
Glass Construction Material	Quantity	—	5.0	—	6.2	124.0	4.3
	Value	—	12.5	—	15.5	—	—
Fibre Glass Products	Quantity	—	—	—	2.1	—	—
	Value	—	—	—	15.0	—	—
Glass Wool	Quantity	—	3.3	—	13.2	400.0	32.0
	Value	—	14.9	—	60.4	—	—
Glass Tubing	Quantity	—	—	—	2.1	—	—
	Value	—	—	—	9.5	—	—
Others	Quantity	1.5	1.5	—	1.5	100.0	—
	Value	4.5	4.5	—	4.5	—	—
Total	Quantity	**53.8**	**153.1**	**23.4**	**250.6**	**163.7**	**10.4**
	Value	201.7	467.0	—	808.0	—	—

b. PRODUCTION AND IMPORTS

(1) Production

In the Second Plan period, the expansion to be made in large production units will result in excess capacity, as compared to demand, in some years. The increase in demand will be satisfied easily and export possibilities will be created. Domestic production estimates are given in Table 270.

(2) Imports

No imports are expected in the Second Plan period, except for wired glass and miscellaneous items. The imports of wired glass are expected to be TL 9 million in 1968 and TL 10 million in 1969.

c. INVESTMENTS

In the Second Plan period, total investment will be TL 240 million of which TL 115 million will be in foreign currency TL 89 million of this investment is related to work initiated during the First Plan period. Realisation of the anticipated investment will provide additional capacity for household goods, industrial containers, window glass, wired glass, construction materials and glass wool. Investment estimates are given in Table 271.

TABLE 271 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	173.9
1968 - 1972 Period	240.0

d. Balance of Foreign Trade

In the Second Plan period, positive developments are expected in the balance of foreign trade of the glass and glass products industry. In fact, it is estimated that imports will decrease by an annual rate of 18 per cent while exports will increase by an average annual rate of 12 per cent. The balance of foreign trade is given in Table 272.

TABLE 272 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	22.9	40.0	175.1	12.0
Imports (CIF)	23.3	10.0	42.9	— 18.5
Difference	— 0.4	+ 30.0	—	—

3. MEASURE

The necessary market research will be made and effective measures of encouragement will be taken to accelerate the promotion of exports.

CEMENT INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1) Cement production capacity will be programmed reasonably above domestic demand for export possibilities.

2) In creating production capacity, the technology which minimises the investment and unit costs will be selected.

3) Regional supply-demand equilibrium and distribution costs will be considered in the geographical distribution of investments. Efforts will be made to make cement available to the consumer at minimum cost.

b. DEVELOPMENTS AND PROBLEMS

In the First Plan period, domestic demand grew at an average rate of 14.5 per cent. The factors which made this increase are the wider use of new construction techniques and therefore more cement consumption, the rapid development of the cement products industry and the large increase in buildings constructed with concrete and bricks.

During the same period, investment exceeded estimates in the switch-over to the dry production method and in the expansion and establishment of factories. Also measures taken in some factories enabled activities to go beyond the existing capacity. Thus, the estimated production targets were exceeded by 8.4 per cent in this period and cement production increased by an average of 13.6 per cent per year.

Although domestic demand and production was more than the Plan targets, there was a greater increase in demand than in production and imports were necessary. With the assumption that 200,000 tons of cement will be imported in 1967 the total imports in the First Plan period will be 600,000 tons.

The total amount of investment in the cement industry in the First Plan period was estimated to be TL 130 million at 1961 constant prices However, the realised investment in the period 1963-1966 only, was TL 347.7 million. Through completion of the 1967 investment, total investment will rise to TL 554.7 million at 1961 constant prices. Twenty-five per cent of the total investment was realised by the private sector. However, this level of private investment was below the Plan targets and the domestic production equilibrium was adversely affected by the fact that private sector investment projects could either not be realised or were delayed.

The disequilibrium in domestic production and demand in the First Plan period necessitates the creation of additional capacity in the cement sector in the Second Plan period.

Raw materials for this sector can be supplied domestically in the required quality and quantity. Of the inputs, energy and kraft paper raise problems. Energy effects costs in a non-uniform manner since it is supplied at different prices to different establishments, and kraft paper is an expensive imported commodity.

Although the factory sales price for cement is uniform,the effect of transportation costs and terms of trade to the consumer varies among regions. This problem will be eliminated by minimising transportation costs through an appropriate selection of the location of new plants.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic Demand

In the Second Plan period, domestic demand is estimated to show an average annual rate of increase of 15 per cent. Domestic demand estimates are given in Table 373.

(2) Exports

The export potential has been determined as the difference between the production increases brought by the anticipated investment projects in the Second Plan and the expected increases in domestic demand during the same period. The necessary measures for the most efficient utilisation of this potential will be taken in the implementation of the annual programmes. The measures will be based on the continuing foreign market research activities, and the results obtained. Based on the available knowledge, it is estimated that exports for 1972 will approximate TL 25 million.

b. PRODUCTION IMPORTS

(1) Production

In the first year of the Second Plan period. the total production capacity will be 4,400 000 tons, 20.000 tons of which is for white cement. Of the total capacity, 46 per cent belongs to the private sector.

The cement demand estimate is based directly on existing projects. In the calculation of the annual effects of investment on production, the caapcity utiliastion ratios pointed out in projects were taken into consideration.

The private sector projects that could not be realised in the First Plan period are assumed to be realised in the Second Plan period.

Estimates of domestic production are shown in Table 274. An average annual rate of increase of 17.6 per cent is expected in the Second

TABLE 273 — Domestic Demand Estimates

(Million TL) (Thousand Tons)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Portland cement	Quantity	2 323	4 600	14.5	9 250	201.0	15.0
Cement	Value	360.6	713.0	—	1 430.0	—	—

TABLE 274 — Production Estimates

(Million TL) (Thousand Tons)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Portland cement	Quantity	2 323	4 400	13.6	9 900	225	17.6
Cement	Value	360	682	13.6	1 540	225	17.6

Plan period. The difference between the production and consumption estimates is planned to be directed into exports and to be utilised to satisfy stock needs.

(2) Imports

No imports are expected in the Second Plan period since the production capacity will be expanded to a level sufficient ta meet domestic demand by the end of the First Plan period.

c. INVESTMENTS

In the Second Plan period it will be necessary to accelerate investment in the cement industry to meet the anticipated increase in demand. It is estimted that investment in this period will amount to TL 950 million.

The total amount of investment that was initiated during the First Plan period and will continue during the Second Plan period is TL 374 million. It is estimated that maintenance investments will amount to TL 70 million.

TABLE 275 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Cumulative Investments
1963 - 1967 Period	632.9
1968 - 1972 Period	950.0

d. FOREIGN TRADE BALANCE

The foreing trade balance for the cement industry is shown in Table 276.

TABLE 276 — Foreign Trade Balance

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	—	25.0	—	—
Imports (CIF)	— 20.0	—	—	—
Difference	— 20.0	+ 25.0	—	—

3. MEASURES

a. The necessary pre-project exchange of information and co-ordination will be provided between investing institutions, to increase the productivity of investment in the cement industry.

b. Production possibilites will be increased by using technological inputs to the extent permitted by standards and quality.

BAKED CLAY AND CEMENT PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) Domestic demand will be satisfied by domestic production. There will be no imports in 1968 except the anticipated import of refractory brick with high alumina content.

(2) Without lowering quality, the use of economic construction materials will be encouraged.

b. DEVELOPMENTS AND PROBLEMS

In the First Plan period, the brick and tile production met the increase in demand. Refractory brick had to be imported because of delays in the implementation of the measures to improve production quality and to establish new plants. In particular, the demand for chromium magnesite and magnesite refractory brick was entirely met by imports.

In the Plan, investment in the baked clay products industry was estimated as TL 37 million at 1965 prices. TL 33 million of this figure was planned to be invested in the years 1963-1964. However, only TL 18 million could be invested since the modifications in the invesment projects of the Filyos nad Konya chromium magnesite factories caused delays. With the addition of the implementation of the 1967 Programme, investment in the baked clay construction products industry will reach TL 138 million.

The technological structure in the existing establishments creates an important problem as production is generally by the damp method. This method affects the quality adversely, results in losses and impedes standardisation.

The cement production industry developed rapidly in the First Plan period. For example, the production capacity of asbestos pipes rose to 85.000 tons from 6.500 tons in the initial year of the Plan. In addition, a new capacity of 150.000 cubic metres was created for pre-fabricated light construction elements. However, during this period there was no significant increase in the production capacity of concrete poles and corrugated plates.

Excluding the 30.000 tons capacity of the plant for cement asbestos pipes in the public sector, the increase in production capacity in the 1963-1967 period was made by the private sector. The realisation rate of the investment prescribed in the First Plan was 125 per cent. With the addition of the 1967 implementation about TL 50 million was invested in this period. TL 40 million of the investment was made by the privaet sector. The investment in 1963 and 1964 is not included in this figure since it is not known. The public sector investment is TL 10 million and belongs to the establishments of the Ankara Asbestos and Cement Factory.

Refractory brick and cement products are generally produced on order and the manufactured goods sold directly to the consumer. This procedure avoids the emergence of price differences in the market. There was no excessive increase in the price of these products during the First Plan period.

Utilisation of the existing production capacity is a problem common to the baked clay and cement products industry. Various other problems concern quality and standardisation in the refractory brick industry and a shortage of asbestos in the cement products industry.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic Demand

In the estimation of demand, the construction sector investment was taken as the base for brick and tile. The base for the demand estimate for refractory brick was the additional demand created by the capacity increases in the consuming industries. In this period the average rate of increase per year is expected to be 11 per cent, particularly for refractory brick. Domestic demand estimates are given in Table 227.

The demand for cement products cannot be correctly estimated since the serve as substitutes for baked clay products and other goods which are presently used. The most effective factor of demand in the Second Plan period will be the tendency of the consumer to substitute the products of this sector. Consumption Patterns of previous years have been utilised in the demand estimates. It is assumed that the existing capacily will generally be used.

(2) Exports

Under present conditions, the baked clay construction products are not suitable for export. Although refractory brick is suitable for export, both as to quality and cost, this will not be possible for this period because of domestic demand and production equilibrium.

No export of cement products is expected in the Second Plan period.

b. PRODUCTION AND IMPORTS

(1) Production

As the establishments producing baked clay and cement products generally produce on order, domestic demand should equal domestic production.

TABLE 277 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups			1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Construction Brick	Million Units	Quantity	817.4	1 430.0	12.0	1 960.0	137.0	6.5
		Value	147.1	258.0	—	353.0	—	—
Tile	Million Units	Quantity	140.0	250.0	12.3	350.0	140.0	7.0
		Value	56.0	100.0	—	140.0	—	—
Refractory Brick	Thousand Tons	Quantity	32.2	62.0	14.2	105.0	169.3	11.0
		Value	35.5	68.0	—	116.0	—	—
Asbestos Cement Pipes	Thousand Tons	Quantity	6.5	40.5	44.7	62.0	153.0	9.0
		Value	12.3	77.0	—	110.0	—	—
Concrete Poles	Thousand Tons	Quantity	18.0	35.0	14.5	60.0	171.4	11.3
		Value	10.8	21.0	—	36.0	—	—
Corrugated Sheets	Thousand M^2	Quantity	—	300.0	—	550.0	183.3	13.0
		Value	—	3.9	—	7.0	—	—
Construction Elements of Light Cement	Thousand M^2	Quantity	—	30.0	—	55.0	183.0	13.0
		Value	—	4.5	—	8.0	—	—
Light Concrete Block	Thousand M^3	Quantity	—	45.0	—	95.0	172.7	11.4
		Value	—	7.6	—	16.0	—	—
		Quantity	—	—	—	—	—	—
		Value	261.7	540.0	15.5	786.0	145.4	8.0

(2) Imports

No imports are expected except the necessary import of refractory brick in 1968 which is necessitated by the delay in investment. It is estimated that the above mentioned imports will be about 10,000 tons and some part will be imported with the machines and equipment used in the consumer industries.

c. INVESTMENT

It is estimated that during the Second Plan period TL 60 million will be invested in the baked clay and cement industry. TL 14 million of this investment, which is shown in Table 278, is in the form of continuing projects. This investment is particularly related to the capacity increases of the present establishments. It is estimated that the foreign currency requirement of this investment will be TL 20 million.

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade is not given since no exports and imports are anticipated until the end of the Second Plan period

TABLE 278 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investment
1968 - 1972 Period	191.2
1963 - 1967 Period	60.0

3. MEASURE

The comparative economic costs of cement products will be taken into consideration and the inclusion of these into the contracts of the public sector will be provided.

IRON AND STEEL INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. All the functions related to the planning establishment and operation of the iron and steel plants established or to be established through public resources earmarked for iron and steel production will be concentrated under one organisation.

2. Reductions will be made in the cost of production of iron and steel products which are the crucial commodities of the developing economy.

b. Developments and Problems

Considerable development took place in the Turkish iron and steel industry during the First Plan period. Estimates of domestic demand for iron and steel products are shown in Table 279.

The trend of the industries consuming iron and steel products is toward a more rapid and greater consumption of these goods. In March 1965, the Ereğli Iron and Steel mills, a new integrated establishment, was founded. The expansion investments of the Karabük mills were completed during the First Plan period and the links of the private sector establishments with the iron and steel sector increased. Thus, the planned investment of TL 1.870 million for the five year period reached the level of TL 2.352 million, thus exceeding targets by 26 per cent at 1961 prices, with a consequent considerable increase in the domestic means of production. However, the production increase has not reached the anticipate dlevel because of operational problems and delays in initiating the work of the new establistments. Thus, imports have exceeded estimates.

In 1967 the iron and steel industry of Turkey was composed of two large integrated establishments at Karabük and Ereğli, a few small but modern establishments producing iron from scrap metal, such as Kırıkkale, Metaş and Electrometal, and some establisments of very small capacity and outdated technology.

All the related establishments should be co-ordinated by an organisation to meet rapidly increasing domestic demand for iron and steel products. The need for this organisation is strongly felt and its establishment will increase the productivity of the sector.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

Demand estimates for iron and steel products, demand for semi-finished products and the total domestic demand are shown in Tables 279, 280 and 281, respectively. These estimates have been obtained through statistics and intersectoral analysis. Demand in the main goods is in particular, for sheet-iron products and various cast iron pieces, as a result of the development estimates for the consuming sectors. Demand for these goods will grow faster than demand for pig-iron products, wire rods and beams.

The investment, production and import objectives of the Second Plan have been determined by taking into consideration the type of product, the demand and the domestic production means that are summarised in Table 279. Demand for semi-finished products necessitated by the production objectives are shown in Table 280.

The physical estimates given in Table 279 and 280 are shown in Table 281 at 1965 prices.

The per capita consumption of iron and steel products increased by 15 kilogrammes during the First Plan period. Thus, it rose to 33 kilogrammes in 1967 from 18 kilogrammes in 1962. This figures is expected to be 52 kilogrammes in 1972.

b. PRODUCTION AND IMPORTS

(1) Production

The domestic output estimates of iron and steel products and semi-finished products have been shown in the capital goods analyses in Tables 282 and 283. It is possible to exceed the 1972 production objectives if the planned investments of the Second Plan are rapidly realised.

(2) Imports

It is estimated that a portion of the pig-iron and blooms will be imported in order to achieve the production objectives that are given in Table 281. It has also been accepted that the difference between domestic production and demand of basic goods as indicated in Tables 279 and 282 will be covered by imports in this period. Import estimates are shown in Table 287.

TABLE 279 — Domestic Demand Estimates of Finished Products (Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Rods	203.5	324.0	10	580.0	175	12
Heavy Beams	20.0	32.0	10	60.0	187	13
Light Beams	47.0	9.0	14	160.0	173	12
Railroad Equipment	11.2	33.0	24	70.0	212	16
Wires	38.7	62.0	10	108.0	176	12
Sheet Metal	6.5	16.0	20	27.0	170	11
Hot Plate	61.4	80.0	16	148.0	185	13
Cold Plate		52.0		169.0	325	26
Galvanized Plate	21.3	28.0	9	61.0	205	13
Tin Plate	11.8	17.0	8	26.0	153	10
Strips and Bars	11.8	17.0	8	26.0	153	9
Seamed Pipes and Equipment	22.1	55.0	20	95.0	173	12
Rolled Steal Pipes and Equipment	30.4	25.0	— 3	25.0	100	0
Machinery and Tool Steel	34.9	59.0	11	108.0	184	13
Pig Iron Pipes & Equipment	181.1	39.0	16	69.0	177	12
Pig Casting Parts	55.4	115.0	16	205.0	179	13
Steel Casting Parts	—	14.5	—	40.0	275	22
Tempered Spherical & Similar Casting Parts	—	2.0	—	12.0	600	44
Others	1.5	2.5	11	4.0	156	9
Total	**609.4**	**1,090.0**	**12.3**	**2,035.0**	**187**	**13.4**

TABLE 280 — Domestic Demand Estimates of Semi-Finished Products (Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Total Blast Furnace Products	230.9	1,050	35	2,050	195	14
All Types of Pig-Iron	97.5	160	15	330	206	16
Liquid Metal for Steel Mills	151.4	890	42	1,720	193	14
Billets and Steel Ingots	281.9	1,100	32	2,180	198	15
Blooms	215.1	520	19	1,000	192	14
Sheet Bars	26.9	25	15	55	100	0
Wire Rods	43.2	66	9	115	174	12
Steel Strips	33.1	78	19	135	173	12

TABLE 281 — Domestic Demand Estimates

(Million TL.)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Finished Products Demand	1 015.3	2 273	17.5	4 290	189	13.6
Semi-Finished Products Demand	263.3	547	15.8	1 180	216	16.6
Total	**1 278.6**	**2 820**	**17.2**	**5 470**	**194**	**14.2**

TABLE 282 — Production Targets

(Thousand Tons)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Rods	170.0	324	14	580	176	12
Heavy Beams	46.0	25	17	25	100	0
Light Beams		75		100	133	6
Railroad Equipment	13.7	10	3	10	100	0
Wire	38.0	60	10	108	184	13
Sheets	3.5	13	30	30	226	18
Hot Plate	22.2	80	29	120	166	11
Cold Plate	—	50	—	120	240	19
Galvanized Plate	—	—	—	40	—	—
Tin Plate	—	35	—	68	194	17
Strips and Bars	—	—	—	15	—	—
Seamed Pipes and Equipment	21.1	60	25	111	185	13
Rolled Steel Pipes & Equipment	—	—	—	22	—	—
Machinery and Tool Steel	27.0	40	10	80	200	15
Pig Iron & Equipment	22.0	28	5	35	127	5
Pig Casting Parts	50.0	115	18	205	179	12
Steel Casting Parts	—	14	—	35	259	21
Tempered Spherical and Similar Casting Parts	—	2	—	10	500	38
Others	1.2	2	11	4	166	11
Total	**414.7**	**933**	**18**	**1,618**	**174**	**12**

TABLE 283 — Production Targets

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Total Blast Furnace Products	221.0	950	34	1,450	180	13
All Types of Pig Iron	70.6	160	18	170	106	2
Liquid Metal Given To Steel Mills	151.4	790	41	1,280	162	10
Billet & Steel Ingots	278.7	980	29	1,650	168	11
Blooms	194.6	420	17	600	143	8
Sheet Bars	20.0	55	22	55	100	0
Wire Rods	25.0	66	21	155	175	12
Steel Strips	—	75	—	150	200	15

TABLE 284 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Total Value of Iron and Steel Products	960	1 980	16	3 750	189	14
Inter-sectoral Semi-Finished Intermediary Goods Market Value	140	440	26	750	170	11
Total Value of the Sector Output	1 100	2 420	17	4 500	185	13

TABLE 285 — Import Estimates

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Rods	2.5	—	—	—	—	—
Heavy Beams	—	24	15	35	—	—
Light Beams	10.5	—	—	60	—	—
Railroad Equipment	1.1	23	182	60	214	16
Wire	0.7	2	17	—	—	—
Sheets	—	3	—	—	—	—
Hot Plate	0.1	—	—	28	—	—
Cold Plate	40.6	2	—	49	—	—
Galvanized Plate	21.3	28	6	22	78	—
Tin Plate	25.6	7	—	—	64	—
Strips and Bars	11.8	17	7	11	—	—
Seamed Pipes and Equipment	—	—	—	—	40	—
Rolled Steel Pipes & Equipment	30.4	25	16	10	153	9
Machinery and Tool Steel	7.9	19	155	28	305	25
Pig Tron & Equipment	0.6	11	—	34	—	—
Pig Casting Parts	—	—	—	—	—	—
Steel Casting Parts	—	—	—	3	—	—
Tempered Spherical and Similar Casting Parts	—	—	—	2	—	—
Others	—	—	—	—	—	—
Total	**153.1**	**161**	**1**	**344**	**210**	**17**

TABLE 286 — Import Estimates

(Thousand Tons)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Total Blast Furnace Products	—	—	—	—	—	—
All Types of Pig Iron	8.9	—	—	160	—	—
Liquid Metal Given To Steel Mills	—	—	—	—	—	—
Billet & Steel Ingots	—	—	—	—	—	—
Blooms	7.3	100	68	400	400	32
Sheet Bars	1.0	—	—	—	—	—
Wire Rods	18.2	—	—	—	—	—
Steel Strips	23.1	—	—	—	—	—

TABLE 287 — Import Estimates

(Million TL)
(At 1965 CIF Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Total Semi-Finished Products	123.3	107.0	—3	430.0	402	33
Total Finished Products	325.3	293.0	—3	540.0	184	13
Grand Total	**448.6**	**400.0**	**—3**	**970.0**	**242**	**19**

The total value of imports required during the Second Plan period is nearly equal to the investment for a new integrated iron and steel mill. This shows the vital importance of increasing the domestic production possibilities.

c. INVESTMENTS

The investment estimates during the Second Plan period of the public and private sectors are shown in Table 288. It is estimated that nearly 55 per cent of these investments will be for machinery and equipment.

The most important investment in this sector during the period 1968 - 1972 will be the establishment of the third integrated iron and steel mill and the expansion of the Ereğli Iron and Steel Mill.

TABLE 288 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investment
1963 - 1967 Period	2 752.1
1968 - 1972 Period	4 200.0

TABLE 289 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	—	—	—	—
Imports (CIF)	400	970	242	19
Difference	—400	—970	242	19

In the third iron and steel mill which is expected to start operating in 1972, pig iron, blooms, railroad equipment and heavy and light beams will be produced. The purpose of establishing this mill is the need for extensive production of blooms and pig-iron, which are greatly needed in the market, and to meet the demand for railroad equipment and heavy beams which require large investment.

At the time of the establishment of the Ereğli Iron and Steel Mill, which started production in March 1965, the expansion potential was taken into consideration and large infrastructure investments were undertaken. The demand for flat plate will grow rapidly during the Second Plan period. It is anticipated that, to a large extent, this demand

and some demand for blooms and pig-iron will be met by technological improvement and additional investments to be made in the Ereğli Iron and Steel Mill.

d. Balance of Foreign Trade

The foreign trade balance of the iron and steel industry is shown in Table 289.

3. MEASURES

a. An Iron and Steel Board will be established with the co-operation of the public and private sectors. The functions of this Board will be: to provide the necessary co-ordination among the establishments of the Turkish iron and steel industry; to carry out the technical and economic research related to development of the domestic industry; to collect statistical information for the iron and steel industry and to provide standardisation and publications.

b. The measures required to reduce the cost of finished and semi-finished products of the sector to world price levels will be investigated.

c. The production of such goods will be encouraged to meet the increasing demand for machinery and construction steel of the machinery and equipment sectors.

NON-FERROUS METAL INDUSTRY

I. OBJECTIVE AND DEVELOPMENT

A. OBJECTIVE

The goal is to replace ore exports by semi-finished and finished goods exports.

b. DEVELOPMENTS AND PROBLEMS

Two main developments took place in the non-ferrous metals industry in the First Plan Period.

(1) The price of copper on the world market was sterling 240/ton at the beginning of 1964. By a rapid rise this price reached sterling 700 ton at the end of 1965 and later became stable at the level of sterling 450 ton. The domestic copper price also rose as a result of this increase in world prices and the share of copper used in the domestic production of household utensils was reduced. Although copper production could not be increased in this period, exports have increased, particularly as a result of price increases. The rapid rise in copper prices has resulted in more careful considerations for increasing domestic copper production. Production has been planned in such a way as to result in a more efficient utilisation of the existing resources. However, during the First Plan period, production could not be carried out in accordance with the programmes and the existing opportunities could not be used to advantage.

(2) There are now more uses for aluminium in industry and construction and the demand for it has increased very rapidly. The number of domestic private organisations that used the semi-finished products of aluminium grew and aluminium tended to be imported in billets. With the rapid increase in demand and the many areas of potential demand, the economic advantage of establishments vertically integrated from ore to the final product of aluminium, has become evident in Turkey. The suitability of recently developed bauxite reserves for aliminium production has accelerated work in this field.

Among the other metals, ferro-chrome production is important since almost all of it is directed to exports. However, only the ways to reduce the losses of the existing plant were investigated in the First Plan Period. On the other hand, Turkey, a notable exported of chrome, has to find new markets to export more ferro-chrome in order to create new production possibilities and utilise its resource more efficiently. These activities will now be emphasised and the required investments will be realised in the Second Five Year Plan period.

In addition, possibilities for producing metals such as ferro-manganese, lead, zinc etc. will be investigated if comparative cost calculations give positive results.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

Domestic demand for finished non-ferrous products is shown in Table 290. Demand for copper and copper alloys will be met completely by domestic production. The required semi-finished goods demand for the above mentioned production is shown in Table 291.

Concerning other metals, zinc, tin and nickel products will be entirely imported during the Second Plan period and ferro-alloys will be imported to a large extent. Import estimates are shown in Table 296.

The demand for lead products will be completely met through domestic production and an import portion of the required billets for this production will be imported

During the Second Plan period, the demand for aluminium products will be satisfied by domestic production to a large extent, and the required billets will be imported. However, since the integrated aluminium complex is programmed to start production in 1972, it is foreseen that the greatest portion of the demand for aluminium billets will be satisfied by domestic production at that time.

(2) Exports

The anticipated blister-copper, ferro-chrome and aluminium export levels at the end of the Second Plan period are shown in Table 292.

b. PRODUCTION AND IMPORTS

(1) Production

Production increments of the sector during the First Plan period and production estimates during the Second Plan period are shown in Table 293 and 294 for finished products and semi-finished products, respectively. The total production value is shown in Table 295.

As can be seen from the tables, the manufacture and copper alloy products developed according to demand. Aluminium and lead products were imported semi-finished, and were finished in Turkey. In addition, a certain amount of lead was produced in Turkey from scrap and high metal content ores.

TABLE 290 — Domestic Demand Estimates for Finished Products

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Copper and Copper Alloy Products, Total		26.5	6	42.5	160	10
Billets, Profiles and Pipes	2.6	4.0	9	9.5	236	19
Wires	3.2	5.8	13	10.0	174	12
Sheets, Bands and Strips	14.3	16.7	3	23.0	138	7
Total of Other Metal Products	14.9	28.4	13	61.1	212	16
Aluminium Products	5.2	14.0	22	35.0	250	20
Lead Products	2.3	5.4	19	13.0	250	20
Zinc Products	5.9	7.0	4	8.0	126	5
Tin Products	1.3	1.5	3	1.6	106	8
Nickel Products	0.1	0.3	29	0.4	135	6
Ferro-Alloys	4.4	12.0	25	22.0	193	13
Others	0.1	0.2	15	0.3	150	9

TABLE 291 — Domestic Demand Estimates for Semi-Finished Products

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Semi-Finished Products of Copper and Copper Alloys, Blister Copper	11.8	12.0	—	23.0	211	16
Electrolytic Copper	4.0	8.5	16	21.0	246	20
Copper, Brass, Yellow Brass and Bronze Blocks (1)	17.4	19.0	2	30.0	159	10

(1) An important portion of copper, brass, yellow brass and bronze demand is for ammunition production. To a large extent, scrap metal is used for this production.

TABLE 292 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Blister Copper	Thousand Tons	14.0	17.0	4	35.0	206	16
	Million TL	79.0	177.5	18	370.0	202	15
Aluminium	Thousand Tons	—	—	—	75.0	—	—
	Million TL	—	—	—	50.0	—	—
Ferro-Chrome	Thousand Tons	—	7.5	—	20.0	267	22
	Million TL	—	22.5	—	60.0	267	22
Total	Million TL	**79.0**	**200.0**	**21**	**480.0**	**240.0**	**19**

Note : Production supplied for export is based on the factory selling price.

TABLE 293 — Production Targets for Manufactured Goods

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Copper and Copper Alloy Products, Total	20.1	26.5	6	42.5	160	10
Billets, Profiles and Pipes	2.6	4.0	9		236	19
Wire	3.2	5.8	13	10.0	174	12
Sheets, Bands and Strips	14.3	16.7	3	23.0	138	7
Total of Other Metal Products	4.6	22.9	38	65.0	285	23
Aluminium Products	2.6	10.0	30	32.0	320	26
Lead Products	2.0	5.4	22	13.0	240	19
Zinc Products	—	—	—	—	—	—
Tin Products	—	—	—	—	—	—
Nickel Products	—	—	—	—	—	—
Ferro-chrome	—	7.5	—	20.0	267	22
Others	—	—	—	—	—	—

Table 294 — Production Targets for Semi-Finished Products

(Thousand Tons)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Semi-Finished Products of Copper and Copper Alloys :						
Blister Copper	25.8	29.0	5	58.0	200	15
Electrolytic Copper	4.0	8.5	16	21.0	247	20
Copper, Brass, Yellow Brass and Bronze Blocks (1)	17.4	19.0	2	30.0	159	10
Semi-Finished Products of Other Metals						
Aluminium	—	—	—	125.0	—	—
Aluminium Billets	—	—	—	25.0	—	—
Lead Billets	1.1	2.2	15	2.5	114	3

(1) Scrap metal is used extensively in the domestic production of copper, brass, yellow brass, bronze and lead billets. It is assumed that production from scrap metal will continue during the Plan period.

TABLE 295 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Total Production Value of Finished Products	310	580	13	960	165	11
Sales of Inter-Sectoral Intermediary Goods	100	200	15	500	250	26
Total	**410**	**780**	**14**	**1 460**	**187**	**13**

(Million TL)
(At 1965 Prices)

TABLE 296 — Import Estimates

Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Aluminium Billets	Thousand Tons	2.6	4.0	32	8	72	—6
	Million TL	14.0	60.5	34	44.0	72	—6
Aluminium Products	Thousand Tons	2.6	4.0	9	3.0	75	—6
	Million TL	18.2	32.0	12	24.0	75	—6
Lead Billets	Thousand Tons	1.2	2.6	17	8.5	326	27
	Million TL	6.6	15.0	18	47.0	313	26
Zinc Products	Thousand Tons	5.9	7.0	4	8.8	125	5
	Million TL	23.6	30.0	5	36.0	120	4
Tin Products	Thousand Tons	1.3	1.5	3	1.6	107	2
	Million TL	47.3	60.0	5	65.0	109	2
Nickel Products	Thousand Tons	0.1	0.3	25	0.4	133	7
	Million TL	2.5	7.5	25	10.0	133	7
Ferro-Alloys	Thousand Tons	4.4	12.0	22	22.0	183	13
	Million TL	7.1	20.0	23	36.0	180	13
Others	Thousand Tons	0.1	0.2	15	0.3	150	9
	Million TL	2.0	5.0	20	8.0	160	10
Total		**121.2**	**230.0**	**14**	**270.0**	**117**	**3**

It is assumed that this situation in production will not change during the Second Plan period up until 1972. In 1972, the two large projects of the sector (The Black Sea Copper Pyrites Project and the Integrated Aluminium Complex) will be completed and will start production. Thus, towards the last years of the Second Plan period complete aluminium production, starting from ore, will be possible. As a consequence, it is anticipated that copper and aluminium export possibilities will reach levels which would be very important for the economy. In addition, it is anticipated that the plants required for transforming the produced blister copper into electrolytic copper and for recuperating rare metals will be completed by the end of 1972. An increased production of ferro-chrome is also foreseen.

c. INVESTMENT

Investment estimates in the non-ferrous metal industry during the Second Plan period are shown in Table 297 at 1965 prices.

It is estimated that approximately 60 per cent of this investment will be for machinery and equipment.

The Second Plan period investments of the sector will be based mainly on two large projects, the Black Sea Copper plant and the integrated Aluminium Complex.

It is anticipated that in addition to these two large projects, interest will increase in investment in small private establishments to produce finished products from semi-finished goods, and that new capacity will be added to increase ferro-chrome production.

TABLE 297 — Investment Estimates

	(Million TL) (At 1965 Prices)
1963 - 1967 Period	114.6
1968 - 1972 Period	1 500.0

d. BALANCE OF TRADE

The balance of trade of the non-ferrous metals industry for 1967 and 1972 is shown in Table 298.

TABLE 298 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	200.0	480.0	240	19.2
Imports (CIF)	230.0	270.0	118	3.0
Difference	— 30.0	210.0		

3. MEASURE

The domestic production possibilities for ferro-manganese, lead, zinc and similar metals will be evaluated and if the results are positive, projects will be prepared and the appropriate ones will be rapidly realised.

METAL PRODUCTS INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) In the development of this industry the production of investment goods and intermediate goods will be emphasized. The production fields requiring advanced technology and large investment will be given priority.

(2) The public sector will undertake the production of arms and ammunition except for the equipment used in hunting and sport shooting and some secondary production services of the side industry type.

(3) The importance of the metal and steel construction group will increase in the Second Plan period investment activities. Development of project design and engineering services will be provided in this group.

b. DEVELOPMENTS AND PROBLEMS

In the First Plan Period, a large increase was recorded in the metal products industry. The investments put forth by the Plan were accomplished and production was rapidly expanded with regard to both quantity and variety. Significant development was achieved in quality as a result of the establishment of companies with large capital and the emergence of enough establishments to initiate competition.

Demand for the goods of this sector had a constant increase through the years and exceeded the Plan estimates.

In 1967 consumption was 35 per cent more than Plan estimates.

The amount of production in the sector also exceeded Plan estimates. In 1967 output was 31 per cent more than Plan estimates. The largest increase in production was recorded in investment goods such as metal construction, radiators and boilers of central heating systems and durable consumer goods such as lamps, stoves and household and kitchen utensils. "The Regulation For Using Domestic Goods in Investment" had a part in this high increase in production.

In spite of all these developments, the sector is faced with the problems summarised below.

The high cost of the raw materials supplied either by imports or domestic resources.

The high cost of domestic production, which is caused by the high cost of raw materials and the lack of mass production and standardisation.

The insufficient number of qualified personnel at the level of engineers and technicians. This problem causes delays in the realisation of investments and reductions in the productivity of the establishments.

Although there is a significant export potential in the basic goods of the sector, this potential is highly reduced by the limited marketing activity in foreign markets.

2. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

In Table 299, demand estimates are given for the Second Plan period.

In the demand for investment goods, the metal building and construction group has great importance. The bulk of this group is made of 45,000 tons of steel construction that will be used for the Keban energy transmission lines.

It is assumed that the development achieved in the First Plan period in the demand for arms and ammunition which are a large proportion of the basic goods of the sector, will continue.

(2) Exports

Export estimates of the sector for the Second Plan period are given in Table 300.

It is assumed that during the Second Plan period the export potential will be effectively utilised through price adjustments, analysis of foreign markets and quality developments.

The goods planned to be exported are generally grouped into several categories. The bulk of the export potential consists of special ornamental goods suitable for gifts, goods such as band and orchestra cymbals in which domestic production has specialised, steel and other metal construction, chains and household and kitchen utensils.

TABLE 299 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Investment Goods	737.8	1 092.2	8.5	2 014.0	185	13.7
Intermediary Goods	222.9	358.2	9.9	793.0	221	17.2
Consumption Goods	658.7	804.6	4.3	1 373.0	171	11.4
Total	**1 619.4**	**2 254.0**	**7.0**	**4 180.0**	**185**	**13.7**

TABLE 300 — Investment Estimates of the Metal Products Sector

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Investment Goods	0.2	1.8	55.0	16.0	890.0	55.0
Intermediary Goods	0.1	0.8	51.6	7.0	875.0	54.0
Consumption Goods	0.3	2.4	51.6	17.0	708.0	48.0
Total	**0.6**	**5.0**	**53.0**	**40.0**	**800.0**	**51.6**

Note : Production supplied for export is based on the factory selling price.

TABLE 301 — Production Targets of the Metal Products Sector

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Investment Goods	590.0	940.0	9.7	1 830.0	195.0	14.3
Intermediary Goods	200.0	320.0	9.9	710.0	222.0	17.3
Consumption Goods	650.0	800.0	4.3	1 380.0	172.0	11.5
Total	**1 440.0**	**2 060.0**	**7.5**	**3 920.0**	**190.0**	**13.7**

TABLE 302 — Import Estimates of the Metal Products Sector

(Million TL)
(At 1965 Prices) (CIF)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Investment Goods	148.0	154.0	1.1	200.0	130	5.4
Intermediary Goods	23.0	39.0	12.5	90.0	230	18.0
Consumption Goods	9.0	7.0	— 4.8	10.0	143	7.4
Total	**180.0**	**200.0**	**2.1**	**300.0**	**150**	**8.4**

b. PRODUCTION AND IMPORTS

(1) Production

The production objectives of the sector during the Second Plan period are given in Table 301.

The highest rate of production increase will be realised in the metal building and steel construction group. The metal parts for dam construction, hydro-electric power-plants, factories and energy transmission will be manufactured in Turkey. This manufacture will significantly affect the development rate of the group and the domestic production capacity is sufficient to accomplish the output increase.

Some of the factors affecting the increase in the group of fuel tanks and cans are the wider use of LPG and the establishment of new storage capacity for liquid fuels and mineral oils.

Significant development is expected in the group of intermediary goods such as nails, bolts, nuts and rivets.

Lamps, stoves and furnaces constitute the group which is expected to increase the most among consumer goods.

In the stove group it is estimated that stoves for petroleum products and LPG heating will develop faster than coal stoves.

In this sector, aluminium consumption is rapidly increasing and it is imported in both manufactured and semi-manufactured states. These imports are expected to continue in the Second Plan period.

(2) Imports

The Second Plan period import estimates of the goods of the metal products sector are shown in Table 302.

It is foreseen that the portion of demand which cannot generally be economically produced in Turkey will be imported In addition, although some goods are produced in Turkey the available capacity is not sufficient to meet demand. Such goods will also be imported in sufficient quantity until the required capacity is established.

The import of consumer goods will generally be limited and the demand for these goods will be met through domestic production. However, some consumer goods my be imported, provided that the necessary quantity is not exceded. These goods are durable goods of the investment goods type such as fish hooks, shaving blades and toiletries the total production of which is considered unnecessary in Turkey, and consumer goods which are used as samples for the development of types and models.

c. INVESTMENT

Investment estimates in the metal products industry during the Second Plan period are shown in Table 303. In this table, the public sector investments other than arms and ammunition are given.

TABLE 303 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investment
1963 - 1967 Period	667.7
1968 - 1972 Period	1 150.0

The anticipated investments are expected to tend towards the production of new product types and fields like hand tools, high-quality bolts, nuts, rivets and machine and tool blades. In addition, it is estimated that new investment will eliminate bottlenecks and increase capacity.

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade of the sector is given in Table 304.

TABLE 304 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Increase Annual Second Plan (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	5.0	40.0	800	51.5
Imports (CIF)	200.0	300.0	150	8.4
Difference	— 195.0	— 260.0	133	5.9

3. MEASURES

a. In the metal products industry, the activities pertaining to the standardisation and specification of the different types of capital goods will be evaluated and an effective control system will be established.

b. Effective incentive measures will be introduced for the development of exports.

c. Activities oriented towards the production of touristic goods will be encouraged.

MACHINERY MANUFACTURING INDUSTRY

I. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

1. The establishment of a motor manufacturing industry will be realised during the Second Five Year Plan period.

2. The machinery manufacturing industry is a sector which has many basic and side effects on the industrialisation movement. In this sector it is essential to direct technical and financial means toward large establishments.

The private sector will play a leading role in those branches of the manufacturing industry which will be taken up in the Second Plan period, while the public sector will take the leadership in investments which cannot be realised by the private sector.

b. DEVELOPMENTS AND PROBLEMS

The First Plan stipulated that priority was to be given to the production of investment goods. However, this goal of the Plan was not achieved since the necessary investments could not be realised. Conversely, production of consumer goods like refrigerators, washing machines, etc. exceeded the estimates of the Plan. The average rate of increase in consumption of capital goods of the sector was around 8 per cent. Peak years in consumption were 1963 and 1966. Because of the limited supply and the failure to realise investments at the planned speed, increases in consumption could not follow a stable pattern.

The internal production level realised in the First Plan was considerably below the level foreseen by the Plan. It is estimated that the 1967 production value will be realised at around 72 per cent of the level indicated in the pertinent sections of the Plan. However, the annual average rate of increase in the production of this sector is around 23.2 per cent. This rate of increase reached its highest levels in 1963 and 1965.

In the machinery manufacturing sector, approximately 65 per cent of demand is supplied through imports. Although the increase in internal production creates a large-scale import substitution no significant change took place in the relative share of imports in overall demand.

In the First Plan period only 18 per cent of the investments foreseen in the Plan could be realised. The most important factors preventing the flow of investment funds into this sector were: The high financing, qualified manpower and advanced technology requirements of the production enterprise to be established within the sector and the insufficiency of demand for standard commodity groups. The basic reason for the delay in public sector investments was the insufficiency in investment initiative and realisation capacity of public sector institutions.

In this sector, the cost to producers of raw materials supplied from either domestic sources or through imports is very high. The cost price of raw materials may be lower for producers who directly import their raw material requirements.

Moreover, the quality of domestic raw materials produced by various enterprises is not sufficiently standardised. As a consequence, certain technological difficulties are encountered in production.

The machinery manufacturing industry is a sector which requires advanced production technologies and such advanced technologise require the services of an experienced and qualified labour force. Scarcity of this kind of labour causes delay in the realisation of investments and limits the variety of production. The rate of utilisation of the installed capacity in the sector is generally low. With the exception of certain large establishments, enterprises have failed to introduce technical production planning to increase productivity in output. This is mainly due to the fact that the production capacity is distributed among small units. These small units are not able to make use of engineering services for such purposes as, for example, project preparation and quality control, because of their limited financial resources. For the same reason, productivity and quality generally remain below the desired standards.

Adequate marketing techniques and practices could not be developed in this sector, in particular for the marketing of goods having export potential. Very little use was made of marketing, research and feasibility studies which would increase the flow of investment into productive fields. There are few establishments making such studies and, in addition, the importance of these studies has not yet been properly understood by the private sector.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

Estimates of internal demand in the machinery manufacturing sector during the Second Plan period are shown in Table 305. The volume of demand for investment goods in this sector is greatly effected by the investments foreseen in other sectors. The rate of growth foreseen in the vehicle repair and manufacturing industry, the assumption that automobile manufacturing shall begin during the Second Plan period and the developments to be made in irrigation and village electrification activities are expected to considerably increase the demand for internal combustion engines. Likewise, the expected development in the metallurgical, iron and steel and chemical industries during the same period will substantially affect the rate of increase in demand for steam boilers and heavy industry

TABLE 305 — Domestic Demand Estimates

(Million TL.)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Steam and Gazogene Equipment and Steam Boilers	35.0	161.0	35.8	510.0	316	26.0
2. Construction, Road, Excavation and Mining Machinery, etc.	280.0	350.0	4.5	920.0	263	21.4
3. Internal Combustion Engines and Other Power Generating Units	220.0	248.0	2.3	545.0	220	17.1
4. Heavy-Industry Machinery and Equipment	122.0	196.0	10.0	680.0	347	28.3
5. Machine Tools, Hand Tools, etc.	95.0	125.0	5.7	285.0	227	17.9
6. Compressors, Ventilators, Pumps and Turbines	90.0	186.0	15.5	570.0	306	25.0
7. Food and Beverage Processing Machinery	68.0	129.0	13.6	240.0	186	14.0
8. Air Conditioning, Heating Units and Equipment	26.0	86.0	27.1	135.0	157	9.5
9. Textile Machinery	130.0	198.0	8.8	310.0	157	9.5
10. Ball-bearings Gear and Gear Boxes and Transmission Parts	72.0	186.0	20.8	470.0	253	20.4
11. Consumer Goods	266.0	438.0	10.5	785.0	179	12.4
12. Others	740.0	851.0	2.2	1 300.0	152	8.8
Total	**2 144.0**	**3 154.0**	**8.0**	**6 710.0**	**212**	**16.2**

machinery. Demand for intermediary goods is estimated to increase at an average rate of 21.4 per cent, commensurate with the increase in domestic production.

In the Second Plan period, demand for consumer goods is expected to increase at a rate of 12.4 per cent. This increase is caused by factors such as the rise in purchasing power of individuals during the next plan period, the growth of population, the expected reduction in sales price of goods and the increase in the variety of commodities. In addition to refrigerators which have been the most important consumption item in the First Plan period, the manufacture of items such as sewing and washing machines and dish-washers was also developed.

(2) Exports

Export estimates for the machinery manufacturing sector during the Second Plan period are given in Table 306.

It is expected that the small-scale export of consumer goods (refrigerators, sewing machines, etc) and other capital goods (woodworking, planning machines, etc.) which was initiated during the First Plan period, will be developed as a result of the continuing efforts in this field.

Moreover, the manufacture of special orders from foreign countries making use of the low level of wages in Turkey and exports of heavy machinery and machine parts to Middle East countries taking advantage of low transportation costs will create a substantial export potential.

b. PRODUCTION AND IMPORTS

(1) Production

Estimated production targets of the sector by the end of the Second Plan period are given in Table 307. As can be seen from the table the rates of increase in production are identical in both plan periods.

The increase which ensured this high rate of growth during the First Plan period constitutes a first and experimental stage for many basic products. Production in the Second period will be built upon this foundation and this level of production will create a large csale import substitution. Great emphasis has been given to investment goods in the production targets established. The production targets of intermediary goods which are used as inputs in the manufacturing industry, are at a level adequate to meet the total demand in this respect. For example, the demand for engines and gear boxes in the highway, transportation and agricultural machinery sectors will be met through domestic production in the last years of the Second Plan period.

(2) Imports

Import realisation in the machinery sector during the First Plan period and import developments in the Second Plan period are given in Table 308. In the First Plan period, an increase of 2.1 per cent can be noted in total imports.

In the Second Plan period, priority will be given to the import of investment goods which are not manufactured in Turkey. The main priority goods are heavy-industry machinery and equipment and construction and road building machinery. In the machine tools group, the

TABLE 306 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Steam and Gazogene Equipment	—	—	—	7.6	—	
2. Construction, Road, Mining and Excavation Machinery, etc.	—	—	—	6.0	—	
3. Internal Combustion Engines and Other Power generating Units	—	—	—	6.0	—	
4. Heavy Industry Machinery and Equipment	—	—	—	—	—	
5. Machine Tools, Hand Tools, Accessories and Equipment	0.03	7.0	—	15.0	215	16.6
6. Compressors, Ventilators. Turbines, Pumps, etc.	—	1.0	—	8.0	800	51.7
7. Food and Beverage Processing Machinery	—	—	—	3.4	—	
8. Air Conditioning and Heating Installations and Machinery	—	—	—	2.5	—	
9 Textile Machinery	—	—	—	3.0	—	
10. Intermediary Goods for Production	—	—	—	7.0	—	
11. Consumer Goods	—	6.0	—	16.0	267	21.7
12. Others	—	1.0	—	10.0	1 000	58.5
Total	**0.03**	**15.0**	—	**84.0**	**560**	**41.0**

TABLE 307 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Steam and Gazogene Equipment	—	78.0	—	230.0	294	24.0
2. Construction, Road, Mining and Excavation Machinery, etc.	6.4	86.0	68.0	330.0	382	30.6
3. Internal Combustion Engines and Other Power Generating Machinery	2.5	17.0	47.0	280.0	1 650	75.0
4. Heavy-Industry Machinery and Equipment	—	41.0	—	200.0	486	37.4
5. Machine Tools, Hand Tools, Accessories and Equipment	8.2	49.0	38.3	110.0	224	17.5
6. Compressors, Ventilators, Pumps and Turbines	13.0	24.0	30.0	220.0	916	55.8
7. Food and Beverage Processing Machinery	18.0	36.0	14.8	130.0	361	29.2
8. Air Conditioning and Heating Installations and Machinery	—	39.0	—	70.0	179	12.3
9. Textile Machinery	5.0	45.0	55.0	210.0	466	37.0
10. Intermediary Goods for Production	—	53.0	—	240.0	454	35.4
11. Consumer Goods	252.0	410.0	10.3	730.0	178	12.2
12. Others	156.7	437.0	22.6	750.0	172	11.3
Total	**462.0**	**1 315.0**	**23.2**	**3 500.0**	**267**	**21.7**

(Million TL)
(At 1965 Prices) (CIF)

TABLE 308 — Import Estimates

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Steam and Gazogene Equipment	35.0	83.0	18.8	287.6	347	28.0
2. Construction, Road, Mining and Equipment	273.6	264.0	— 1.0	596.0	226	17.7
3. Internal Combustion Engines and Other Power Generating Machinery	217.5	231.0	1.2	271.4	117	3.2
4. Heavy-Industry Machinery and Equipment	122.0	155.0	2.1	480.0	310	25.5
5. Machine Tools, Hand Tools, Accessories and Equipment	87.1	83.0	— 1.0	191.0	231	18.2
6. Compressors, Ventilators, Turbines and Pumps	77.0	163.0	16.1	358.0	219	17.0
7. Food and Beverage Processing Machinery	50.0	93.0	13.2	113.4	121	3.9
8. Air Conditioning and Heating Installations and Machinery	26.0	47.0	7.2	67.5	144	7.6
9 Textile Machinery	125.0	153.0	1.2	102.7	67	— 7.7
10 Intermediary Goods for Production	72.0	133.0	13.1	236.4	179	12.4
11 Consumer Goods	14.0	34.0	19.4	71.0	210	16.0
12. Others	583.3	415.0	— 6.6	600.0	144	7.5
Total	**1 682.5**	**1 854.0**	**2.1**	**3 300.0**	**178**	**12.2**

import of large automatic mass production facilities for the motor manufacturing industry to be established will occupy an important place. The large variety of machine tools in this group and the continuous development of such machines, precludes their local manufacture. Therefore, a substantial portion of the demand for such machine tools will be met through imports.

Moreover, imports will be allowed for the purpose of regulating the production of goods which do not reach an expected level as to quality, quantity and price after a certain period of time.

c. INVESTMENTS

Investment estimates in the machinery manufacturing sector during the Second Plan period are given in Table 309.

In the Second Plan period, investments are stipulated mostly for internal combustion engines and intermediary goods for production.

Among the projects for internal combustion engines, those belonging to highway transportation constitute a substantial part of investments.

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade of this sector is seen in Table 310.

3. MEASURES

a. In the plants of the Turkish State Railways, the Turkish Sugar Refineries Corporation and the Turkish Iron and Steel Works, there is a substantial machinery manufacturing capacity which has not been fully and productively utilised. Detailed organisational studies will be carried out to make better use this capacity and to develop it in the desired direction.

b. The manufacture of motor pumps and deep-well pumps will be promoted and developed.

TABLE : 309 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	301.7
1968 - 1972 Period	1 550.0

TABLE : 310 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Rate of Increase (%) (4)
Exports (FOB)	14.0	84.0	600.0	43.2
Imports (CIF)	1 854.0	3 300.0	178.0	12.2
Difference	—1 840.0	—3 216.0	174.8	11.8

AGRICULTURAL EQUIPMENT AND MACHINERY MANUFACTURING INDUSTRY

I. OBJECTIVES AND DEVELOPMENT

a. OBJECTIVES

In the Second Plan period the percentage of locally manufactured components of agricultural equipment and machinery will be increased on a large scale and, to this end, the development of those branches of industry which will manufacture domestic inputs will be encouraged. Types and models will be established for the production of tractors and harvesters, in particular, in order to develop domestic input.

b. DEVELOPMENTS AND PROBLEMS

Among the capital goods falling within the scope of this sector, the most important development occured in tractors Following the inclusion of tractors within the scope of the assembly industry. the import of fully assembled tractors was discontinued and import allocations were granted only for 56 - 65 horse power tractors, small garden type tractors and track-tractors which are not manufactured locally. These imports represent approximately 2 to 5 per cent, in number of the total annual demand.

In the tractor assembly industry almost 55 per cent of inputs are imported from abroad. Therefore, the supply of tractors is limited and subject to control. Up to 1966, seven enterprises were granted permission to assemble tractors. Four of these are in actual production, and two more are expected to begin porduction in 1967.

By the end of 1966, an average foreign exchange savings rate of 40 per cent, including tires, was realised in this sector. In 1967 the minimum rate of foreign exchange savings will be 45 per cent.

The "Regulation for the Assembly Industry" dated 14 April 1964, stipulated a foreign exchange savings rate of 60 per cent for 1967. However, since the necessary investments were not realised in time, the achievement of this rate was not possible.

The great number of existing Establishments in this field causes fragmentation of the total production capacity among small units. Therefore, the inadequate production capacity of these units fails to render large investments productive under the existing conditions. Moreover, the diversified activities of each of these units constitute an important factor in restricting the increase in the rate of foreign exchange savings.

Harvesters began to be manufactured in the last two years of the First Plan period. In 1966, 20 harvesters were manufactured and the production of 50 units was programmed for 1967. In this volume of production, a 40 per cent foreign exchange savings has been achieved.

The relative share of domestically manufactured components in tractor and harvester production, has increased parallel to the capacity of the side-industries. The increase of this ratio to a level ensuring an effective contribution to the industrial sector of the economy can only be attained through domestic production of basic inputs such as engines, gear boxes, front axles, steering systems and parts and accessories thereof.

A significant development can be observed in the manufacture of other agricultural machinery and equipment. The fact that the technology needed in this sector is simpler than required for other kinds of machinery has been conducive in bringing about this substantial development. However, the production capacity for many capital goods has not reached a level sufficient to meet internal demand. Demand arises only in certain seasons of the year. Meeting this demand through domestic production can only be achieved by either producing continuously during the year and stockpiling or, in certain seasons, by utilising the domestic production capacity of other machinery sectors for this purpose. For the time being, both alternatives have certain inconveniences for producers.

Since 1962, the prices of agricultural vehicles and machinery rose by 6 to 22 per cent. Factors influential in these price increases were : increases in the cost prices of both imported vehicles and machinery as well as of inputs of the assembly industry, restrictions imposed on imports and increases in domestic sale prices due to the low volume of domestic production.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND ESTIMATES

(1) Domestic Demand

Domestic demand estimates for agricultural equipment and machinery in the Second Plan period are given in Table 311. These estimates are based on the assumption that mechanisation in agriculture will be accelerated.

(2) Exports

Since export possibilities are limited, no projections have been given for agricultural equipment and machinery.

b. PRODUCTION AND IMPORTS

(1) Production

Production estimates of the sector in the Second Plan period are shown in Table 312. In these estimates it is stipulated that the quality of the equipment and machinery, the domestic production of which was started in the First Plan period, will be improved and that the capacity will be brought up to a level sufficient to meet demand in the country.

It has been stipulated that through the measures to be adopted, a balanced production will be realised throughout the year without depending upon seasonal fluctuations.

TABLE 311 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Tractors	Quantity	257.4	6 600.0	20.0	15 600	326	18.2
	Value	119.3	233.5	14.5	558.5	239	19.0
Tractor Drawn Ploughs	Quantity	115.8	6 200.0	40.0	13 954	225	17.6
	Value	3.4	15.0	23.3	33.6	224	17.4
Tractor Drawn Harrows	Quantity	200	2 528	66.0	3 680	146	7.8
	Value	2.8	34.1	75.0	50.5	148	8.0
Combines	Quantity	.	450	. .	800	178	12.0
	Value	4.8	45.7	57.0	65.6	144	7.6
Trailers for Tractors	Quantity	2 412	3 500	7.7	12 627	361	29.3
	Value	9.6	22.4	18.5	80.8	334	27.1
Animal Drawn Harrows	Quantity	1 350	12 000	55.0	21 000	175	11.8
	Value	1.7	14.4	53.0	25.2	175	11.8
Animal Drawn Mowers	Quantity	—	410	—	200	49	— 13.3
	Value	—	0.5	—	0.3	60	— 9.8
Others	Value	13.3	54.4	32.4	130.5	240	19.2
Total	Value	**156.9**	**420.0**	**21.6**	**945.0**	**226**	**17.8**

TABLE 312 — Domestic Production Estimates

(Million TL)
(At 1965 Producer Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Rate of Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
1. Tractors	Quantity	2 574	6 500	20.4	15 000	230	17.4
	Value	90.7	228.8	20.4	528.0	230	17.4
2. Tractor Drawn Ploughs	Quantity	1 158	6 000	38.8	13 904	231	17.5
	Value	2.8	14.4	38.6	33.4	231	17.5
3. Tractor Drawn Harrows	Quantity	200	2 500	66.0	3 550	142	7.2
	Value	2.7	33.9	66.0	48.3	142	7.2
4. Combines	Quantity	—	50	. .	600	1 200	64.0
	Value	—	5.7	. .	45.6	800	51.5
5. Tractor Trailers	Quantity	2 412	3 500	7.7	12 627	360	29.2
	Value	9.6	22.4	17.5	80.8	360	29.2
6. Animal Drawn Harrows	Quantity	1 350	12 000	55.0	21 000	175	11.8
	Value	1.7	14.4	53.0	25.2	175	11.8
7. Animal Drawn Mowers	Quantity	—	410	. .	200	49	— 13.3
	Value	—	0.5	. .	0.3	60	— 9.8
8. Others	Value	14.2	52.9	30.0	123.4	224	17.4
Total	**Value**	**121.7**	**373.0**	**25.2**	**885.0**	**236**	**13.8**

TABLE 313 — Import Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962	1967	First Plan Annual Rate of Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Tractors	Quantity	—	100	—	600	600	43.3
	Value	28.6	4.0	—32.5	30.0	750	49.5
Tractor Drawn Ploughs	Quantity	..	200	—	50	25	—24.0
	Value	2.6	0.6	—25.5	0.2	33	—20.0
Harrows	Quantity	..	28	..	130	464	36.0
	Value	0.1	0.2	15.0	2.2	1 100	62.0
Combines	Quantity	..	400	—	200	50	—17.0
	Value	4.8	40.0	54.0	20.0	50	—17.0
Others	Value	1.88	2.2	3.2	7.6	345	28.0
Total	Value	37.98	47.0	4.4	60.0	128	5.1

Considering that the production units will specialise in capital goods and be oriented toward mass production, the production capacity is not expected to be divided among a large number of enterprises.

(2) Imports

Import estimates for the Second Plan period of the capital goods of the sector are shown in Table 313. It is stipulated that those capital goods which cannot be manufactured domestically at a minimum economic capacity and those which cannot fully cover demand through domestic production, will be imported. The criteria employed in the import of assembled tractors will be retained in this period.

c. INVESTMENTS

The estimated investments for this sector for the Plan period are shown in Table 314. A great portion of input investments needed for the manufacture of tractors and harvesters, such as gear boxes, engines, forged components and the investments for various other agricultural equipment and machinery, fall within the scope of the machinery and metal manufacturing sector. For this reason, investments in this sector appear too low in relation to production.

The inportation of inputs which cannot be economically produced locally will be continued and domestic manufacture will be started when demand reaches a sufficient level.

d. BALANCE OF FOREIGN TRADE

The balance of foreign trade of the agricultural equipment and machinery industry in 1967 and the estimated figures for 1972, are indicated in Table 315.

TABLE 314 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	33.8
1968 - 1972 Period	150.0

TABLE 315 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)
Export	—	—	—	—
Import (CIF)	47.0	60.0	127.6	5.0
Difference	—47.0	—60.0		

ELECTRICAL MACHINERY, APPLIANCES AND EQUIPMENT MANUFACTURING INDUSTRY

I. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) In the Second Plan period, priority will be given to investments for the manufacture of industrial engines and machinery necessary for the generation and distribution of power.

(2) It is stipulated that plants manufacturing electrical machinery, appliances and materials, be oriented towards exports in the Second Plan period. For this purpose, quality improvement and utilisation of excess capacity will be realised.

b. DEVELOPMENTS AND PROBLEMS :

The electrical machinery, appliances and equipment industries in Turkey manufactured durable consumer goods prior to the planned period.

In the period of the First Plan, priority was given to the production of capital goods of investment nature. However, in the establishment of telephone switchboard and electrical motor factories as foreseen in the Plan, there has been a delay of 2 - 3 years

Domestic production met local demand for the goods of this sector by 51 per cent in 1962, 49 per cent in 1963, 57 per cent in 1964 and 62 per cent in 1965. In addition to the increase in production, an important structural change has taken place in as much as the manufacture of investment goods has increased from 41 per cent in 1962 to 52 per cent in 1965. However, the quality of many capital goods has improved and reached a level suitable for export.

The average rate of increase in electrical machinery, appliances and equipment during the First Plan has been 13.8 per cent over a three year period. It is estimated that this rate of increase will continue during the other two years of the planned period. Demand for the goods of the sector is under pressure because of import difficulties and the lack of foreign exchange.

The development in this field may be seen more clearly when the rate of utilisation of domestic goods by the various plants and enterprises using electrical machinery, appliances and equipment is examined. (See Table 316).

Foreign exchange savings secured by the electrical machinery, appliances and equipment manufactured and assembled in Turkey, have reached a high level.

TABLE 316 — Utilisation Rates of Domestically Produced Electrical Machinery and Equipment in Plants (Based on 1966 Estimates)

Places Where Electrical Machinery and Equipment Are Used	Utilisation of Domestic Production (%)
In the installation of village and city networks	90
In power transmission lines up to 35 KV.	90
In power transmission lines over 35 KV.	80
In building lighting installations	100
In factory lighting and power installations	95
Transformer stations up to 35 KV. 200 KVA.	85
Transformer stations over 35 KV. 200 KVA.	80
Underground cables	75

The lack of quality control in the electrical machinery, appliances and equipment sector still constitutes a basic problem as it does in other branches of the manufacturing industry. In addition, the failure to draw-up standards parallel to the development of production and to apply them to imported goods, is one of the most important problems to be solved.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR PLAN

a. DEMAND

(1) Domestic Demand

Domestic demand for electrical machinery, appliances and equipment is shown in Table 317.

(2) Exports

For some products the electrical machinery, appliances and equipment industry has attained a production capacity exceeding domestic demand. Furthermore, it has reached a standard able to compete with foreign markets as to quality and price. Although foreign markets are limited, it is estimated that important developments may occur through bilateral agreements. Estimated external demand for electrical machinery, applinaces and equipment according to value, is shown in Table 318.

b. PRODUCTION AND IMPORTS

(1) Production

Production estimates for the electrical machinery, appliances and equipment sector are based on estimates for domestic demand and exports. These estimates take into consideration the existing establishments and the years when the plants under construction, or stipulated in the Plan, start production. Production estimates of the sector are shown in Table 319.

(2) Imports

Imports of electrical machinery, appliances and equipment will be shifted from manufactured goods to semi-finished products in the Second Plan period. Imports of the sector as to basic commodity groups are shown in Table 320.

TABLE 317 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Electrical Machinery	50.0	133.8	21.8	330.7	247	19.8
2. Electrical Cables	49.7	90.2	14.7	186.0	187	13.3
3. Network Distribution Appliances	35.0	60.0	11.3	94.3	157	9.4
4. Internal Installation Equipment	5.9	16.5	22.7	39.0	236	18.7
5. Durable Consumer Goods	28.5	59.0	15.2	98.0	166	10.6
6. Batteries and Cells	75.7	103.0	6.3	164.4	159	9.7
7. Electrical Meters	4.8	14.8	25.2	39.8	268	21.9
8. Telecommunication Appliances	15.8	17.8	2.3	60.0	337	27.5
9. Other Finished and Semi-finished Producsts	146.6	307.4	15.9	714.8	232	18.3
Total	**412.0**	**802.5**	**14.2**	**1 727.0**	**215**	**16.6**

TABLE 318 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Electrical Machinery	—	2.2	—	4.3	195	14.3
2. Electrical Cables	—	18.8	—	60.0	319	26.0
3. Network Distribution Appliances	—	—	—	3.7	—	—
4. Internal Installation Equipment	—	1.0	—	5.0	500	38.0
5. Durable Consumer Goods	—	4.0	—	14.0	350	28.5
6. Batteries and Cells	—	1.5	—	5.6	373	30.0
7. Electric and Meters	—	—	—	1.2	—	—
8. Telecommunication Appliances	—	—	—	5.0	—	—
9. Others	—	2.0	—	6.2	310	25.5
10. Seim-finished Product Exports	—	3.0	—	20.0	666	46.1
Total	—	**32.2**	—	**125.0**	**384**	**30.8**

TABLE 319 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Electrical Machinery	4.5	76.0	76.2	195.0	256	20.7
2. Electrical Cables	26.0	104.0	32.0	244.0	234	18.5
3. Network Distribution Appliances	5.0	47.0	56.5	91.0	193	14.1
4. Internal Installation Equipment	5.5	17.0	25.3	44.0	258	20.9
5. Durable Consumer Goods	25.0	63.0	20.3	112.0	177	12.1
6. Batteries and Cells	73.0	104.0	7.2	170.0	163	10.3
7. Electrical Meters	—	6.0	—	36.0	600	43.0
8. Telecommuniaction Appliances	1.0	4.0	32.0	65.0	1 625	74.3
9. Others	43.0	97.0	17.6	395.0	407	32.2
Total	**183.0**	**518.0**	**23.1**	**1 352.0**	**261**	**21.2**

TABLE 320 — Import Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. Electrical Machinery	45.5	60.0	5 6	140.0	233	18.4
2. Electrical Cables	23.7	5.0	— 26.8	2.0	40	— 16.3
3. Network Distribution Appliances	30.0	13.0	— 15.5	7.0	53	— 11.6
4. Internal Installation Equipment	0.4	0.5	4.6	—	—	—
5. Durable Consumer Goods	3.5	—	—	—	—	—
6. Batteries and Cells	2.7	0.5	— 29.0	—	—	—
7. Electrical Meters	4.8	8.8	12.8	5.0	56	— 10.9
8. Telecommunication Appliances	14.8	13.8	— 1.8	—	—	—
9. Others	48.8	125.0	20.7	60.0	48	— 13.6
10. Total Imports of Manufactured Goods	174.2	236.1	6.7	184.0	78	— 3.9
11. Imports of Semi-finished Products	54.8	90.4	10.5	286.0	316	25.9
Grand Total	**229.0**	**317.0**	**6.6**	**500.0**	**157**	**9.7**

c. INVESTMENT

Out of investments to be made in the Second Plan period, 11 per cent constitute those to be made in projects which have already been initiated and 10 per cent represent those to be made for maintenance purposes. New investments are projected for the manufacture of heavy duty electrical machinery, network distribution appliances and electrical meters. Moreover, in the manufacture of electrical cables and durable consumer goods, investments will be made to increase the production capacity and improve the quality for export purposes. It is foreseen that public institutions will play a leading role in the basic investments of the plan's period through the preparation and financing of projects. The investment of the electrical machinery, appliances and equipment industry is shown in Table 321.

TABLE 321 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	272.0
1968 - 1972 Period	450.0

d. BALANCE OF FOREIGN TRADE

Imports of electrical machinery, appliances and equipment will increase in the Second Plan period, in spite of important substitutional investments. The deficit in the foreign trade balance of the sector will continue, since export possibilities are limited.

The balance of foreign trade in the sector is shown in Table 322.

TABLE 322 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	1972 Index 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	26.0	100.0	384	30.8
Imports	317.0	500.0	158	9.6
Difference	—291.0	—400.0	137	6.5

3. MEASURES

a. The establishment of an integrated plant covering the whole range of electrical measuring equipment, will be realised.

b. Imports of manufactured electrical machinery, appliances and equipment are declining, while imports of semi-manufactured goods of the sector are showing an increase. In this period, investments for the production of semi-finished products will be encouraged.

c. The quality control of imported electrical machinery, appliances and equipment will be implemented and their conformity to certain standards will be secured.

ELECTRONIC INDUSTRY

1. OBJECTIVES AND DEVELOPMENT

a. OBJECTIVES

(1) In the Second Plan period the electronic industry will be shifted from the manufacture of durable consumer goods to the production of electornic appliances.

(2) Research in the electronic industry will be increased and supported by the Government.

b. DEVELOPMENTS AND PROBLEMS

The manufacture of electronic appliances was accelerated in 1958, after the introduction of the quota system in imports. Assembly work was initiated through the import of circuit elements required for the manufacture of durable consumer goods such as radios, phonographs and tape recorders. The assembly of other electronic appliances, particularly those used by public institutions, started after 1962.

In the assembly industry for durable consumer goods and other electronic appliances, the "Assembly Industry Regulations" which came into force in 1964, has caused an increase in the manufacture of locally produced parts and has accelerated the developments of this sector. The distribution of cost elements in the local manufacture of electronic appliances is shown in Table 323.

In general, firms holding an important share of the market in the production of radios, phonographs and tape recorders, utilise advanced production techniques. A large number of establishments which have a small share in production, operate at the workshop level and merely assemble. Other manufacturers of electronic appliances are developing but do not give enough emphasis to research.

Qualified personnel, experienced electronic engineers and research specialists are required for the manufacture of durable consumer goods and other electronic appliances. Although technicians of every level are being trained in Turkey, they are not sufficient in number because they move out of their professions or the country.

The excess capacity in the durable consumer goods group of the electronic industry was not utilised until 1966. Furthermore, the insufficient use of internal facilities by public institutions when buying electronic appliances, negatively effects the full use of the available capacity and the benefits of mass production.

TABLE 323 — Distribution of Cost Elements in Electronic Appliances (1) **Units for 1965 (%)**

Groups of Appliances	Imported Materials (1)	Domestic Materials (2)	Labor Costs (3)	Engineering Expenses (4)	Profit (5)	Total of Domestic Value (6)
Radios	32.6	32.4	15.4	0.6	19.0	67.4
Amplifiers	25.9	37.3	15.2	1.6	20.0	74.1
Diaphones	24.4	35.3	14.6	1.7	24.0	75.6
Various Electronic Appliances	26.0	15.3	16.6	10.4	31.7	74.0

Source : Study on the Turkish electronic industry, PTT 1967

(1) Found as the ratio of the CIF value of electronic appliances to cost elements.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Internal Demand

An important percentage of electronic appliances used by public institutions are provided through aid. It is estimated that in the Second Plan period, a portion such appliances will be manufactured in Turkey and that others will be imported. Consequently, internal demand in 1967 seems to be rather high in comparison with 1962. The internal demand for electronic appliances is shown in Table 324.

(2) Exports

Although the export of electronic appliances is limited, utilisation of the excess capacity in durable consumer goods for this purpose is possible. Export estimates are shown in Table 325.

b. PRODUCTION AND IMPORTS

(1) Production

Important increases are expected in the production of electronic appliances after 1969, particularly in appliances other than durable consumer goods. Production estimates of electronic appliances are shown in Table 326.

(2) Imports

Sixty per cent of the imports of the sector including the goods imported through aid, are manufactured goods. However, this rate will drop to 33 per cent at the end of the Second Plan period. Import estimates of electronic appliances are shown in Table 327.

TABLE 324 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
1. HF and VHF Wireless Appliances	—	41.6	—	86.8	208	15.8
2. Radio, Telephone and Telegraph Receivers and Transmitters	—	3.4	—	15.0	441	34.6
3. Current Transmitters	2.3	—	—	21.0	—	—
4. Radio Transmitters (less than 10 kw)	0.7	0.5	—4.9	2.7	540	40.0
5. Broadcasting Stations	7.8	—	—	4.0	—	—
6. Various Electronic Appliances	—	28.0	—	56.0	200	14.8
7. Various Measuring Devices	—	2.5	—	7.3	292	23.8
8. Amplifiers	0.3	1.6	11.6	2.2	137	6.5
9. Ankara-İstanbul-İzmir R/L	—	9.8	—	—	—	—
10. Radios (Current and Battery Operated)	132.7	189.4	7.4	334.0	176	12.0
11. Record Players	3.0	5.8	14.1	7.5	129	5.2
12. Tape Recorders	—	5.4	—	17.5	324	26.4
13 Others	6.5	9.0	6.6	45.0	500	38.0
14. Semi-manufactured Items	84.7	60.0	—4.9	212.0	353	28.6
Total	**238.0**	**357.0**	**8.5**	**811.0**	**227**	**17.9**

TABLE 325 — Export Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
1. HF and VHF Wireless Appliances	—	—	—	1.0	—	—
2. Amplifiers	—	—	—	0.5	—	—
3. Radios (Current and Battery Operated)	—	4.5	—	6.0	133	5.8
4. Record Players	—	—	—	0.5	—	—
5. Tape Recorders	—	—	—	0.5	—	—
6. Others	—	—	—	2.0	—	—
7. Semi-manufactured Items	—	1.5	—	3.5	233	18.4
Total	—	6.0	—	14.0	233	18.4

TABLE 326 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
1. HF and VHF Wireless Appliances	—	6.3	—	72.5	1 155	63.0
2. Radio, Telephone and Telegraph Receivers and Transmitters	—	—	—	10.0	—	—
3. Current Transmitters	—	—	—	17.0	—	—
4. Radio Transmitters (less than 10 kw)	—	0.5	—	2.7	540	40.0
5. Broadcasting Stations	—	—	—	—	—	—
6. Various Electronic Appliances	—	—	—	16.0	—	—
7. Various Measuring Devices	—	—	—	2.3	—	—
8. Amplifiers	—	1.6	—	2.7	168	10.9
9. Ankara-İstanbul-İzmir R/L	—	—	—	—	—	—
10. Radios (Current and Battery Operated)	130.0	189.4	7.7	340.0	179	12.3
11. Record Players	3.0	5.8	14.1	8.0	138	6.6
12. Tape Recorders	—	5.4	—	18.0	333	27.0
13 Others	1.0	3.0	24.6	10.0	333	27.0
14. Semi-manufactured Items	—	—	—	15.5	—	—
Total	134.0	212.0	9.6	515.5	243	19.4

TABLE 327 — Import Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
1. HF and VHF Wireless Appliances	—	35.3	—	15.0	43	—15.5
2. Radio, Telephone and Telegraph Receivers and Transmitters	—	3.4	—	5.0	147	8.0
3. Current Transmitters	2.3	—	—	4.0	—	—
4. Radio Transmitters (less than 10 kw)	0.7	—	—	—	—	—
5. Broadcasting Stations	7.5	—	—	4.0	—	—
6. Various Electronic Appliances	—	28.0	—	40.0	143	7.4
7. Various Measuring Devices	—	2.5	—	5.0	250	20.1
8. Amplifiers	0.3	—	—	—	—	—
9. Ankara-İstanbul-İzmir R/L	—	9.8	—	—	—	—
10. Radios (Current and Battery Operated)	2.7	—	—	—	—	—
11. Record Players	—	—	—	—	—	—
12. Tape Recorders	—	—	—	—	—	—
13 Others	5.5	6.0	1.8	37.0	616	43.8
14. Semi-manufactured Items	84.7	60.0	—4.9	200.0	333	—
Total	**104.0**	**145.0**	**6.8**	**310.0**	**213**	**16.4**

c. INVESTMENTS

It is estimated that in the Second Plan period the private sector will make investments to improve the quality and to increase the ratio of domestic production. In addition, it is considered imperative to make investments oriented to research activities in the electronic field in order to achieve the development foreseen in the Plan. Investment estimates of the electronic sector are shown in Table 328.

TABLE 328 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	29.5
1968 - 1972 Period	150.0

d. FOREIGN TRADE BALANCE

Imports of manufactured and semi-manufactured electronic appliances will increase in the Second Plan period. Since no important developments are expected in exports, the deficit in the foreign trade balance of the sector will continue. The foreign trade balance is shown in Table 329.

TABLE 329 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)
Exports (FOB)	4.5	10.0	222	17.3
Imports (CIF)	145.0	310.0	213	16.4
Difference	— 140.5	— 300.0	213	16.4

3. MEASURES

a. Investments for the production of circuit elements used in electronic appliances will be encouraged.

b. During the Second Plan period, prior to the work to be initiated on the establishment of television systems, and parallel to the research to be carried out on television transmitters, of the type of television sets most suitable to the conditions of Turkey will be determinated and programmes will be adopted for their production domestically.

HIGHWAY VEHICLES MANUFACTURING INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) In the Second Plan period the domestic production of passenger cars will be realised.

(2) The full utilisation of domestic facilities in meeting the demand for highway transportation vehicles and the realisation of manufacture and major repairs with a minimum disbursment of foreign exchange has been established as a target for the highway vehicles manufacturing industry during the Second Plan period. These objectives will be met through ensuring the development of side industries to produce major inputs for the vehicle manufacturing sector.

b. DEVELOPMENTS AND PROBLEMS

The highway vehicles manufacturing industry covers the production, assembly and repair of trucks, pick-up trucks, buses and passenger cars of every kind. The assembly industry in this field started with the introduction of the quota system. In 1966, there were 14 firms in this branch of industry. The total capital of these firms is around TL 250 million and the total volume of investments made amound to approximately TL 100 million.

The objective of the First Plan in this sector was that the demand for trucks and buses be met by local manufacture and assembly and that the rate of domestic production established for 1967 be reached gradually. As for passenger cars, due to the fact that they are in the nature of luxury consumer goods, it was considered essential to restrict demand and also to make maximum use of the system of imports without foreign exchange allocation. In fact, in the Plan period, trucks, buses and even some four-wheel drive passenger cars were assembled and partly manufactured in Turkey and imports were only used for special types of vehicles.

In spite of these developments, delays in the implementation of the "Assembly Industry Regulation" which is one of the most important measures adopted to increase the ratio of domestic materials, prevented achievement of the production targets foreseen in the Plan for domestic components. Another reason has been the establishment and development of the assembly industry in Turkey.

Despite the fact that the Plan and Annual Programmes stipulated that the number of assembly plants be frozen so as to promote the assembly industry and to ensure the establishment of side industries, this objective could not be realised. As a consequence, the established capacity could not be fully utilised. Indeed, failure in increasing the rate of domestic manufacture has resulted in the assembly of fewer vehicles with the foreign exchange earmarked in the quotas for this field of industry.

Because of the insufficiency of foreign exchange allocations on the one hand, and the great number of firms operating in this field on the other, the investment required to increase the production of domestic parts produced in insufficient quantities could not be developed with the expected speed.

In spite of this, investment in the highway vehicles assembly industry became attractive, as the market price of vehicles rose substantially. This due was to the prohibitions imposed on the import of vehicles and to the low level of production as compared to demand, owing to the reasons mentioned above.

One of the problems of the highway vehicles manufacturing industry is the diversity of currently used models. For example, a study of the 1965 vehicle pool indicates that there were 79 different makes in trucks, 44 in buses and 53 in passenger cars. In addition, if it is borne in mind that each of these makes has a variety of types and different models according to the year of manufacture, the overall number of vehicles having different characteristics exceeds one thousand. This growth in number has caused repair expenses to increase greatly and the import of spare parts has increased in the same proportion.

The main aim of truck and bus assembly was to reduce the variety of vehicles to types which use the same spare parts. But the growing number of assembly plants and the failure to standardise has prevented the realisation of the main objective of the assembly industry. This subject is of great importance for the development of side industries which depend exclusively upon standardisation.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR PLAN

a. DEMAND

(1) Domestic Demand

The demand estimates for highway vehicles are based on the demand for highway passenger and merchandise transportation. The internal demand calculated in this manner is seen in Table 330, which is drawn-up at 1965 prices. Despite this, prices which are currently high because of the limited supply are expected to decline gradually.

(2) Exports

No export potential is considered in this field of industry during the Second Plan period. Only limited export is expected of chassis and buses. While the internal problems of the industry are being solved, studies of foreign markets should be accelerated and supported.

b. PRODUCTION AND IMPORTS

(1) Production

Estimates of assembly, partial manufacture and repairs in this field, together with the production of past years, are given in Table 331. During the Plan period, the previous rate of increase in production of 8.5 per cent is estimated to increase to 11.4 per cent. With the exception of passenger cars, existing assembly capacity samewhat exceeds the production targets. In the forthcoming period, a development toward increasing the share of domestic components in the finished product is expected rather than an increase in capacity.

(2) Imports

Import needs as to principal goods, are given in Table 332. As is seen from the table only passenger cars will be imported through the system of imports without foreign exchange allocation. The remaining part of imports also covers important inputs.

TABLE 330 — Internal Demand

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Trucks and	Number	14 817	7 500	— 14.6	12 000	160	8.9
Pick-up Trucks	Value	445	488	2.0	780	160	8.9
Buses and	Number	3 329	2 000	— 10.6	3 900	195	14.2
Mini-buses	Value	391	316	— 4.4	616	195	14.2
Passenger Cars and	Number	4 050	16 000	31.5	31 000	194	14.1
Four-wheel Drive Cars	Value	90	288	26.0	844	293	24.2
Others							
Major Overhauls and Repairs		905	1 168	5.2	1 215	104	0.8
Total		**1 831**	2 260	**4.3**	**3 455**	**153**	**8.4**

TABLE 331 — Production Targets

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Trucks and	Number	7 354	7 500	. .	12 000	160	9.9
Pick-up Trucks	Value	88	488	. .	780	160	9.9
Buses and	Number	2 230	2 000	— 2.4	3 900	195	14.2
Mini-buses	Value	352	316	— 2.4	616	195	14.2
Passenger Cars and	Number	877	6 000	. .	16 500	275	22.4
Four-wheel Drive Cars	Value	25	168	. .	462	275	22.4
Others							
Major Overhauls and Repairs		785	902	2.9	1 372	152	8.8
Total		1 250	**1 874**	**8.5**	**3 230**	**172**	**11.4**

TABLE 332 — Import Estimates

(Million TL)
(At 1965 Prices) (CIF)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Rate of Increase (%) (6)
Trucks and	Number	13 463	—	—	—	—	—
Pick-up Trucks	Value	357	—	—	—	—	—
Buses and	Number	1 099	—				
Mini-buses	Value	39	—				
Passenger Cars and	Number	3 173	10 000	. .	14 500	. .	. .
Four-wheel Drive Cars	Value	65	120	. .	174	. .	. .
Others							
Major Overhauls and Repairs		120	265	. .	51	. .	. .
Total		**581**	**385**	. .	**225**	. .	. .

c. INVESTMENT

In the Second Plan period total investments are estimated to amount to amount to TL 350 million. Investments are shown in Table 333.

Through increasing the production of domestic components, development in this field of industry will depend principally upon developments to be attained in other branches of industry.

d. BALANCE OF FOREIGN TRADE

The effect of the Sector on the balance of foreign trade is given in Table 334.

No export possibility is seen in this sector. However, it is estimated that imports will decrease to a level of TL 225 million in 1972 and that, consequently, the pressure of the sector on the balance of payments will gradually decline. Some inputs necessary for production have been taken into consideration in this figure.

TABLE 333 — Investment Estimates (Million TL) (At 1965 Prices)

	Total Investments
1963 - 1967 Period	151.6
1968 - 1972 Period	350.0

TABLE 334 — Balance of Foreign Trade

(Million TL)
(At 1965 Prices)

	1967	1972	Index 1972 1967 = 100	Second Plan Annual Rate of Increase (%)
	(1)	(2)	(3)	(4)
Imports (CIF)	385	225	—	—
Exports (FOB)	—	—	—	—
Difference	—385	—225		

3. MEASURES

a. To meet the demand, measures will be taken to ensure mergers and to limit the number of firms In order to avoid a fall in the production of individual firms and to ensure that they benefit from the advantages of mass production.

b. On the allocation of foreign exchange for assembly purposes, the allocation system to be implemented shall look toward increasing the ratio of domestic components and securing a level of production sufficient to meet demand.

c. The domestic production of engines, transmissions and gear boxes will be encouraged and realised.

MANUFACTURE OF RAILWAY TRANSPORT EQUIPMENT

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The manufacturing units within the Turkish State Railroads Administration will be separated from its operational structure and will be run independently under the Ministry of Transportation and Communication. The duplication resulting from different manufacturing units manufacturing the same variety of capital goods will be prevented. Each unit will produce capital goods of certain types and will specialise in their production. The manufacture and repair of railway transportation equipment will be completely separate.

(2) Capital goods produced by local manufacturers which meet the requirements as to price and quality will not be produced by the State Railways Administration. The facilities thus left vacant will be used for the manufacture of locomotives and passenger and freight cars.

(3) In the manufacture of freight cars, priority will be given to the manufacture of four-or-more-axle wagons with high load capacity for mass transportation and the average carrying capacity per wagon will be increased. Wagon types will be reduced to a minimum standardisation of equipment secured.

(4) Types of locomotives will be held to a minimum and locomotives produced will be standardised. In principle, locomotives will not be imported into the country except for those programmed under licencing agreements. However, in cases where the price and quality of locomotives manufactured by the Turkish State Railways Administration do not meet the specifications required by large organisations outside the Turkish State Railways Administration for special types of locomotives, then such locomotives will be imported.

b. DEVELOPMENT AND PROBLEMS

The mass production of passenger and freight cars, which constitutes the majority of railroad equipment, was taken up during the First Plan period and for the first time the manufacture of a considerable number of freight and passenger cars was realised. Furthermore, investment for the expansion of the Adapazarı and Sivas factories was to a large extent completed. Through this investment these factories were completed and a capacity sufficient to meet domestic demand as well as export possibility was created. Locomotives, which constitute the most important item of railroad equipment, have been imported since the establishment of the

Turkish railroad network In 1961, the first two big steam locomotives meeting the standards of locomotives presently in use were manufactured domestically. However, since the steam locomotive system is going out of use, it was not found necessary to include the manufacture of this type of locomotive in the First Development Plan. During the First Plan period, a two part programme for the renewal and modernisation of the locomotive pool was prepared. In conformance with the first part of this programme, the importation of 40 diesel locomotives was realised by the end of 1965. However, the manufacture, under license, of 50 diesel locomotives which was to take place during the second half of the programme, was not realised.

The manufacture of passenger and freight cars is geared to the renewal and traffic needs of the Turkish State Railroads Administration. During the First Plan period, the actual production remained below the manufacturing capacity. The main factor which negatively effects the manufacture of freight and passenger cars is the delay in the import of manufactured and semi-manufactured equipment.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

a. DEMAND

(1) Domestic Demand

Demand estimates for railroad rolling stock are shown in Table 335 These estimates are based on demand for the renewal of the rolling stock and new capacity to be created by increased traffic requirements. At the end of 1965, the Turkish State Railways Administration pool consisted of 16,000 passenger and freight cars. By the end of 1972, 3796 cars, which constitute 16.8 percent of the total capacity and 23.7 percent, of the total number of rail-cars in the pool will have completed their technical life of 50 years.

It has been determined that such rail-cars, most of which are light freight cars without brakes, should be retired and replaced by 220 larger freight cars of greater capacity during the Second Plan period.

In order to meet the freight car traffic requirement during the Second Plan period, an additional 73,000 tons of carrying capacity is required. This will be possible by the addition of 2,086 new freight cars to the car pool. When the additional requirement for 200 supply vans is taken into consideration, the number of new freight cars required during the Second Plan period totals 3,617. The number of passenger cars in the Turkish State Railways Administration wagon pool at the end of 1965 was 1,180, about 55 per cent of which are cars for suburban service suitable for short-runs.

It is foreseen that by the end of the Second Plan period, cars with wooden chassis and those which will have completed their technical life of 40 years will be retired. During this period, 370 suburban cars which come under the above description, will be retired.

Of the mainline cars with the above mentioned specifications, 144 will be retired during the Second Plan period. The number of replacement and new passenger rail-cars required by the end of 1972 will be 306.

There were 858 steam locomotives in the Turkish State Railways Administration pool at the end of 1965. Of these 170, which constitute 19.8 per cent of the total number were used for shunting and the remaining 688, which constitute 80.2 per cent of the total number, were mainline locomotives. The newest of the 170 shunting locomotives are 33 years old; the average technical life being 50.7 years. The technical life of steam locomotives used for shunting can be longer than that of the other locomotives depending on what type of service they are used for. By the end of 1972, there will be 111 locomotives older than 50 years. All of these locomotives must be retired to decrease operating costs.

However, 40 shunting locomotives are required during the Second Plan period to meet the additional demand for new locomotives, as well as for replacement purposes.

Of the 688 mainline locomotives, 198 will have completed their technical life of 35 years by the end of 1972. Ninety-eight heavy diesel locomotives are required during the Second Plan period in order to replace these locomotives as well as to meet the increasing traffic demand

(2) Exports

In general, freight cars manufactured by the Turkish State Railways Administration comply with the International Railways Union standards. When domestic demand estimates present and wagon manufacturing capacity are considered, the export of freight and passenger cars appears possible. However, the high cost of domestic materials raises manufacturing costs. Export possibilities will increase by taking measures to reduce the cost of materials and by making marketing studies espacially in Regional Co-operation for Development (RCD) and other Middle East countries.

Export estimates are shown in Table 336.

TABLE 335 — Domestic Demand Estimates

(Million TL)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Locomotives	Quantity	2	—	...	36	...	...
	Value	3.5	—	...	91.5	...	...
Diesel Trains	Quantity	7	—	...	—	—	—
	Value	27.0	—	...	—	—	—
Electric Trains	Quantity	—	—	—	5	...	...
	Value	—	—	—	25.8	...	...
Passenger Coaches	Quantity	6	68	62.5	42	62.0	—9.1
	Value	5.0	53.0	60.0	31.5	59.5	—9.8
Freight Cars	Quantity	152	788	39.1	620	78.7	—5.4
	Value	6.4	69.5	70.0	71.2	102.5	1.0
Repair	Value	93.3	143.5	9.5	160.0	112.0	2.3
Others	Value	25.7	52.3	15.4	58.0	110.0	1.9
Total	**Value**	**160.9**	**218.3**	**6.3**	**438.0**	**201.0**	**15.0**

TABLE 336 — Export Estimates

(Million TL.)
(At 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Locomotives	Quantity	—	—	—	—	—	—
	Value	—	—	—	—	—	—
Passenger Coaches	Quantity	—	—	—	—	—	—
	Value	—	—	—	—	—	—
Freight Cars	Quantity	—	12	—	120	1 000	58.7
	Value	—	1.0	—	12.0	1 200	64.2
Total	Value	—	**1.0**	—	**12.0**	**1 200**	**64.2**

Note : Production factory price for exportation.

b. PRODUCTION AND IMPORTS

(1) Production

Production targets for railroad rolling stock during the Second Plan peirod are shown in Table 337. As can be seen from this table, in the manufacture of locomotives only domestic demand has been taken into consideration. The manufacturing capacity of the Eskişehir factory under construction has been based on this production target.

Expansion of this factory within the framework of RCD policy and its manufacturing capacity to a level sufficient to meet the demands of member countries, will also be considered.

With its present capacity, the factory is expected to start actual manufacture about the middle of the Plan period.

Passenger cars will be manufactured at the Adapazarı factory. At the beginning of the Plan period the manufacturing capacity will be one car per week with one work shift. This manufacturing capacity is quite sufficient to meet annual demand.

The manufacture of every type of freight car will be handled at the Sivas Factory. Should there be a demand for certain types of special freight cars, these could be manufactured by the other factories. The load capacity of wagons to be manufactured during the Plan period will be higher than that at present. Therefore, an increase can be expected in wagon prices. This is shown in Table 337.

(2) Imports

During the Second Plan period, no imports of manufactured railroad rolling stock will be made for the Turkish State Railways Administration Imports of railroad equipment will be made only in cases where the specifications of special types of railroad rolling stock manufactured by the Turkish State Railways Administration do not meet the requirements of existing large industrial organisations such as Etibank, Turkish Iron and Steel Factories or similar other large enterprises that may be established in the future.

Apart from this, assembly parts for railroad equipment to be manufactured domestically will be imported until such time when they will be manufactured domestically. Import estimates are shown in Table 338.

c. INVESTMENTS

In general, investments in connection with the manufacture of passenger and freight cars were completed during the First Plan period. As far as locomotive production is concerned, although investments for the construction of buildings were completed, those for workshops and equipment could not be realised until April 1967. It is estimated that investments for additional equipment and workshops for the manufacture of locomotives will be completed during the second half of 1968.

TABLE 337 — Production Objectives

(Million TL)
(Factory Cost in 1965 Prices)

Commodity Groups		1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Locomotives	Quantity	—	—	—	36	—	—
	Value	—	—	—	91.5	—	—
Diesel Trains	Quantity	—	—	—	—	—	—
	Value	—	—	—	—	—	—
Electric Locomotives	Quantity	—	—	—	5	—	—
	Value	—	—	—	25.8	—	—
Passenger Coaches	Quantity	—	68	—	42	62.0	—9.1
	Value	—	53.0	—	31.5	59.5	—9.8
Freight Cars	Quantity	152	800	—	740	90.0	—2.1
	Value	6.4	70.5	61.5	83.2	118.0	3.4
Repair	Value	93.3	143.5	9.0	160.0	112.0	2.3
Others	Value	16.7	43.0	20.8	58.0	134.0	6.0
Total	Value	**116.4**	**310.0**	**21.6**	**450.0**	**145.0**	**7.8**

TABLE 338 — Import Estimates

(Million TL)
(At 1965 prices) (CIF)

Commodity Groups		1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)
Locomotives	Quantity	2	(1)	—	(1)	—	—
	Value	3.5	36.0	58.0	31.8	91.0	—1.9
Diesel Trains	Quantity	7	—	—	—	—	—
	Value	27.0	—	—	—	—	—
Electric Locomotives	Quantity	—	—	—	—	—	—
	Value	—	—	—	—	—	—
Passenger Coaches	Quantity	6	(1)	—	(1)	—	—
	Value	5.0	2.7	—11.5	1.7	63.0	—9.0
Freight Cars	Quantity	—	(1)	—	(1)	—	
	Value	—	12.0		10.8	90.0	—2.1
Repair	Value	—	—	—	—	—	
Others	Value	9.0	9.3	1.2	5.7	61.2	—9.4
Total	**Value**	**44.5**	**60.0**	**6.1**	**50.0**	**83.5**	—3.5

(1) Assembly parts for production

The most important investments to be made during the Second Plan period are those for the locomotive factory and for maintenance purposes. According to the demand estimates on hand, the present wagon manufacturing capacity seems to be sufficient. Therefore, unless new export demand arises, it is not foreseen that additional investments will be made in the production capacity.

Production capacity should be reviewed and adopted according to the modernisation of the wagon pool and new traction systems. It is foreseen that new investments will be made for this purpose. Investment estimates of this sector are shown in Table 339.

TABLE 339 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investments
1963 - 1967 Period	136.7
1968 - 1972 Period	110.0

d. FOREIGN TRADE EQUILIBRIUM

Table 340 shows the foreign trade balance for this sector. In this table, export potential and imports required for the existing production programme have been taken into consideration.

TABLE 340 — Freight Trade Equilibrium

(Million TL)
(At 1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Annual Increase (%) (4)
Exports (FOB)	1.0	12.0	1 200	64.2
Impotrs (CIF)	60.0	50.0	83.5	3.5
Difference	59.0	38.0	64.6	8.3

3. MEASURES

a. The use of light metals to lower dead weight tonnage will be introduced for the manufacture of freight wagons.

b. Standardisation of replacement spare parts will be introduced for wagons.

c. In the near future, measures will be taken to introduce automatic couplings in the manufacture of wagons.

d. The use of wood in the manufacture of wagons will be discontinued.

e. To make the export of passenger coaches possible, priority will be given to modern types of construction.

f. Light and plastic materials will be used as much as possible to reduce the weight of passenger coaches.

g. Freight and passenger cars on hand that are in relatively good condition will be brought up to modern standards to increase their length of service and to reduce maintenance expenses.

SHIPBUILDING INDUSTRY

1. OBJECTIVES AND DEVELOPMENTS

a. OBJECTIVES

(1) The domestic shipbuilding capacity will be increased and modernised.

(2) In principle the demand for shipbuilding will be met domestically. However, to expand and renovate the Turkish merchant fleet, dry cargo vessels, big oil tankers and special types of sea transport vehicles will be imported, provided the development of the shipbuilding industry is not thereby handicapped.

b. PROGRESS AND PROBLEMS

Most of the basic principles and measures foreseen for the shipbuilding industry during the First Plan period have been implemented. Specifically, the building of ships with less than 1,000 DWT has almost reached Plan estimates.

In 1965, measures were initiated to increase the shipbuilding capacity of the Camialti shipyard to 15,000 - 18,000 DWT ships. In 1966, the Turkish Navy Gölcük shipyard used its shipbuilding capacity to also build merchant vessels. As a result of these steps progress has been made toward building large ships as foreseen during the Plan period. However, the existing shipbuilding capacity is not yet utilised with sufficient efficiency. Furthermore, the expanding demand requires the construction of new shipyards.

The Selection of a location for the private sector shipyards foreseen in the annual programmes was not realised. Therefore, a bottleneck was created, especially in the building of small ships.

The demand for ships has developed, in general, toward renovation of old vessels in the fleet. However, demand for large oil tankers of over 25,000 DWT increased during recent years parallel to the operations of oil refineries in Turkey.

The domestic shipbuilding capacity is adequate to meet the demand for small ships. However, because of the inadequacy of domestic shipyards it has not been possible to meet the demand for ships of over 6,000 DWT and second-hand ships had to be imported. Of the two 12,500 DWT ships demanded by the Turkish Maritime Bank Transport Department, one will be built at Camiatli and the other at Gölcük shipyards. The reasons for meeting present demand by importing second-hand ships are that second-hand ships are less expensive compared to new ones; it takes longer to build new ships domestically and it has not been possible until very recently to bring credit funds up to an adequate level as far as quantity and legislation are concerned.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

a. DEMAND

(1) Domestic Demand

For the Second Plan period, domestic ship demand was reviewed from two aspects :

(a) The demand for the replacement of ships to be retired from the present merchant fleet, or of those which have lost their efficiency.

(b) The demand for the expansion of the present fleet to meet the increasing carrying potential. The total demand of these two different study groups is shown in Table 341.

TABLE 341 — Additional Ship Demand Estimates - Second Plan Period

Vessels (DWT)	(Number) 1968 - 1972 Total
Tankers with 30,000 DWT And Up	3
10,000 - 15,000 DWT	9
10,000 Tankers	3
6,000 - 7,500 DWT	9
6,000 - 7,500 Tankers	5
4,000 - 6,000 DWT	8
2,000 - 4,000 DWT	14
Passenger vessels (3,000 Gross tons)	2
Car ferries (1,000 Gross Tons)	3
Under 2,000 Gross Tons	80
Others (Tug Boats, Tin Barges, Pontoons, etc.)	126

(2) Exports

A significant export potential is not seen in the shipbuilding sector. The reason for this is the inadequate shipbuilding capacity, as well as too much competition from foreign markets. However, the repair of foreign vessels in Turkey provides some foreign exchange for this sector; in other words, it creates an export volume.

It is expected that the export of special types of river vessels, barges, sailing boats and excursion boats which was started in the past, will be developed.

b. Production and Imports

(1) Production

The present production capacity will be increased during the Second Plan period. The construction of an additional dock at the Camialti shipyard and the extension of the existing one will be completed at the beginning of the Plan period. In addition, a suitable site for the construction of the private sector shipyards will be chosen and shipyards to be installed by the private sector will be in a position to start operation in the course of 1969. Furthermore, a large shipyard will be installed by the public sector at the same site.

The building of merchant ships with large carrying capacity will be continued at Gölcük Naval shipyard when its full shipbuilding capacity is not being used for building naval vessels.

Estimates based upon the above for the Second Plan period are shown in Table 342.

The value of the domestic shipbuilding capacity and of repairs in the course of the Second Plan period are shown in Table 343.

TABLE 342 — Ship-building Production Estimates - Second Plan Period

Vessels (DWT)	Number 1968 - 1972 Total
10,000 - 15,000 DWT	9
10,000 Tankers	3
6,000 - 7,500 DWT	9
6,000 - 7,500 Tankers	5
4,000 - 6,000 DWT	8
2,000 - 4,000 DWT	14
Passenger Ships (3,000 Gross Tons)	2
Car Ferries (1,000 Gross Tons)	3
Under 2,000 Gross Tons	80
Others (Tug Boats, Tin Barges, etc.)	126

(2) Imports

The importation of ships will be restricted during the Second Plan period as during the First Plan period. This is shown in Table 344. Authorisation will be given for the importation of types of ships other than those shown in this table, of very urgently required ships or of those with priority, and/or of some special types.

TABLE 343 — Production Values in the Ship-building Sector

(Million TL)
(1965 Prices)

Commodity Groups	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Shipbuilding Value	41.8	122.0	30.7	375.0	307	25.0
Ship Repair Value	11.4	18.0	12.1	45.0	250	20.1
Total	**53.2**	**140.0**	**27.2**	**420.0**	**300**	**24.5**

TABLE 344 — Ship Imports - Second Plan Period

(Million TL)
(1965 Prices)
Number

Ships Imported		1967 (1)	1972 (2)
Over 25,000 DWT	Number	2	—
Oil Tankers	Value	75.0	—
Special Sea Vessels	Number	—	3
	Value	—	60.0
Total		**75.0**	**60.0**

c. INVESTMENTS

The Second Plan period will be a period of important investments in this sector. If suitable locations for the installation of the private sector shipyards are realised, it is estimated that investments for these installations will be started at the beginning of 1968.

Investments for shipyards to be installed by the Turkish Maritime Bank will also be made in 1968.

Investment estimates are given in Table 345.

TABLE 345 — Investment Estimates

(Million TL)
(1965 Prices)

	Total Investments
1963 - 1967 Period	85.0
1968 - 1972 Period	350.0

d. FOREIGN TRADE BALANCE

The foreign trade balance in the shipbuilding industry is shown in Table 346. Significant exports are out of the question in this sector. Respectively, foreign trade will consist of the imports foreseen in the Plan.

TABLE 346 — Foreign Trade Balance

(Million TL)
(1965 Prices)

	1967 (1)	1972 (2)	Index 1972 1967 = 100 (3)	Second Plan Period Annual Increase (%) (4)
Exports (FOB)	—	—	—	—
Impotrs (CIF)	75.0	60.0	80	—4.3
Difference	—75.0	—60.0	80	—4.3

3. MEASURES

a. Shipbuilding credit funds will be increased in accordance with demand during the Second Plan period. The breakdown of terms and interest percentages of these loans will be reviewed to make domestic shipbuilding attractive for investors.

b. Law No. 3339 will be reviewed and modified in consideration of progress in the shipbuilding industry.

c. For individuals and organisations who will have ships built domestically, the implementation of favourable tax provisions will be studied to encourage transportion with such vessels.

d. Steps to make public sector shipyards and installations independent of the Turkish Maritime Bank will be realised during the first years of the Plan period.

AIRCRAFT CONSTRUCTION AND REPAIR INDUSTRY

I. OBJECTIVES AND DEVELOPMENTS

a. OBSECTIVES

(1) Both military and commercial organisations will benefit from the excess repair capacity of each other.

(2) Without hindering their service and operational targets, the maintenance and repair capacity of the existing large organisations will be kept at a level to meet domestic requirements from the point of view of legal formalities and work programmes. Organisations that will create new additional capacity will not be encouraged.

(3) Except for the repair of some special parts, the maintenance and repair of all commercial aircraft will be undertaken domestically.

b. DEVELOPMENT AND PROBLEMS

In Turkey repairs at the factory level are made exclusively at the repair shops and factories of the Turkish Air Force and the Turkish Air Lines. When one considers them together it can be seen that both of these organisations are equipped to handle all the maintenance and repair requirements of every type of commercial and some types of military aircraft existing in Turkey. The repair and maintenance of the Turkish Air Lines aircrafts with piston or turbine engines are made at their technical management repairshop at the Yeşilköy Airport and those of the Turkish Air Force aircraft at their factories in Eskişehir and Kayseri. Commercial aircraft are also repaired at the Kayseri Factory through a revolving fund.

The Machinery and Chemical Industry Association's, Aircraft Factory, which in the past used to handle aircraft building and repairs, has gradually directed its operations toward other manufacturing areas and has lost its characteristic of being an aircraft repair installation. At the Turkish Civil Aviation Assocation maintenance and repair shops, the major repairs of their gliders and minor maintenance and repair of their light aircraft are handled.

Installations required for the maintenance and repair of commercial jet aircraft to be added to the Turkish Air Lines fleet, are under construction.

One jet aircraft engine repair shop is under construction at the Turkish Air Forces Aircraft Factory in Eskişehir. Demand for the repair of certain types of jet aircraft engines of the Air Force will be met at this repair shop instantly and later, with additional investment, the repair of other jet aircraft engines will also be possible. Due to the fact that this organisation has the characteristics of an organisation with a revolving fund it will also be possible to attract work from neighbouring countries for the repair of their commercial and military aircraft.

The maintenance and repair costs of the Turkish Air Force at establishments with a revolving fund have not been fixed definitely Service charges seem to be higher compared to those in other countries. Due to delays caused by red tape, bottle-necks are experienced by the Turkish Air Lines in connection with keeping an adequate level of spare parts, all of which are imported.

2. TARGETS AND ESTIMATES OF THE SECOND FIVE YEAR DEVELOPMENT PLAN

a. DEMAND

(1) Domestic demand

In this sector demand has been studied with respect to (1) the aircraft industry as a whole, and (2) maintenance and repair. The demand for the aircraft industry as a whole is studied in the following categories :

— Commercial Jet Aircraft : The last jet aircraft to be added to the Turkish Air Lines fleet will be put into service by the end of 1970. Payment for this aircraft will be included in the 1972 Programme.

— Pest Control Aircraft : They will be operated by individuals or organisations to meet the increasing agricultural demand and also to replace aircraft to be retired from the present fleet.

— Air Taxi : Double engine and short distance aircraft will be used for the air taxi fleet which will be improved during the Second Plan period .

— Helicopters : They will be used for pest control and for commercial purposes by the private and public sectors.

— Training Aircraft and other Private Aircraft : They will be used by the Turkish Civil Aviation Association and the Turkish Army for purposes other than military aid and by private sector organisations and individuals for sports and training purposes.

— Gliders : They will be used by the Turkish Civil Aviation Association for training and sports.

Demand for the maintenance and repair of aircraft is created by operation of the available commercial aircraft.

Demand estimates in this sector for the Second Plan period are shown in Table 347.

TABLE 347 — Domestic Demand Estimates - Aircraft Manufacture and Repair

(Million TL)
(At 1965 Prices)

	1962 (1)	1967 (2)	First Plan Annual Increase (%) (3)	1972 (4)	Index 1972 1967 = 100 (5)	Second Plan Annual Increase (%) (6)
Maintenance and Repair	10.3	16.0	9.0	30.0	188	14.4
Complete Aircraft	8.0	110.0	69.0	140.0	127	4.9
Total	**18.3**	**126.0**	**47.0**	**170.0**	**135**	**6.2**

(2) Exports

Exports in the aircraft building and maintenance sector are not expected during the Second Plan period. However, the repair of engines of jet aircraft of NATO, CENTO and/or similar organisations, as well as military jet aircraft of member countries, can be handled at the Turkish Air Forces jet Aircraft engine repair shop at Eskişehir. It should be possible to have favourable development in this regard as a result of contacts and efforts.

The excess capacity of the maintenance and repair shops of the Turkish Air Force Supply Base in Kayseri and of Yeşilköy Airport can be used to meet the potential demand from foreign countries.

b. PRODUCTION AND IMPORTS

(1) Production

Construction of complete aircraft during the Plan period is not foreseen in this sector. However, long-term demand projects and production studies will be made in preparation for the Third Plan period.

Every type of maintenance and repair service, except the repair of some special components, will be handled domestically. The maintenance and repair of commercial aircraft at foreign facilities is not foreseen. Produciton values as a result of maintenance and repair services are shown in Table 348.

(2) Imports

No imports wil be made for maintenance and repair purposes in this sector in the course of the Second Plan period. Repair of the turbine engines of the Turkish Air Lines turboprop type aircraft was handled abroad during the first three years of the First Plan period, but after the installation of the repair facilities at Yeşilköy Airport repairs of this type of aircraft have been handled domestically.

It is foreseen that demand for complete aircraft will be met by importation.

Import estimates of this sector are shown in Table 349.

TABLE 348 — Production Estimates - Aircraft Building and Repair

(Million TL)
(At 1965 Prices)

	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Aircraft Repair	8.7	16.0	13.5	30.0	188	14.4

TABLE 349 — Import Estimates - Aircraft Building and Repair

(Million TL)
(At 1965 Prices)

	1962	1967	First Plan Annual Increase (%)	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)
Maintenance and Repair	16.6	—	—	—	—	—
Complete Aircraft	8.0	110.0	69.0	140.0	127	4.9
Total	**9.6**	**110.0**	**62.5**	**140.0**	**127**	**4.9**

c. INVESTMENTS

No additional investments that would increase the existing capacity in this sector will be made during the Second Plan period. Based on this principle, the amount of investments to be made in this; sector will be very small. The most important investment project is the maintenance facility, for the Turkish Air Lines whose installation started at the end of the First Plan period. Moreover, a few small investments for maintenance facilities will be made. Investment estimates are shown in Table 350.

TABLE 350 — Investment Estimates

(Million TL)
(At 1965 Prices)

	Total Investment (1)
1963 - 1967 Period	17.0
1968 - 1972 Period	15.0

d. FOREIGN TRADE EQUILIBRIUM

There will not be any important exports in this sector. Consequently, it is estimated that the foreign trade deficit will be TL 110 million during 1967 and TL 140 million during 1972, as shown in Table 349.

3. MEASURES

a. Priority will be given to training flying and technical personnel. With this objective, the existing educational facilities will be modernised and brought up to an adequate level.

b. To reduce to a minimum the inefficiency in the air line services caused by inadequate maintenance and repair service, the following measures will be taken :

(1) Priority will be given to spare-part import demands.

(2) Maintenance and repair systems will be reviewed according to modern business standards. To serve this purpose, foreign experts will be employed or consulted when such is required.

c. The possibility of offering the excess capacity at the Turkish Air Force and Air Lines maintenance and repair facilities to foreign demand will be studied. A fixed cost price system will be set up for demand from outside these organisations.

SMALL-SCALE INDUSTRY AND HANDICRAFTS

The tables in the various sections of the manufacturing industry also give inforamtion and figures for small-scale industry and handicrafts that produce in the same fields. For this reason the basic problems in this sector, other than those concerning production, are given below.

1. SMALL-SCALE INDUSTRY

The technical division of labour in the small-scale industrial enterprises is similiar to that in the large-scale industries, though not to the same extent. This is due to the fact that, even in the small-scale industry, mass production techniques constitute the basic principle of production. Samples and quality are important factors in the finished product and manufacturing is carried out by wage-earners.

a. OBJECTIVES

Co-operation between the small-scale and large-scale industries and its promotion along lines outside large-scale industrial fields, is forseen during the Second Plan period.

Efforts will be made to adapt the existing small-scale industrial enterprises to changing economic and industrial standards to enable those industrial branches having development potential to flourish and expand, thereby giving them the opportunity to benefit, in greater measure, from existing facilities and to speed up their development.

Small-scale industries that have no development potential will not be encouraged and supported by artificial measures. Instead, their activities will be directed towards other fields.

b. DEVELOPMENTS AND PROBLEMS

There were 20,461 small-scale industrial units in Turkey at the end of 1965. Small-scale industrial branches are given in Table 351.

Research has proved that there is an excess manufacturing capacity in the small-scale industry. The most important reason for this excess capacity is the lack of know-how in selecting the right technologies.

TABLE 351 — Number of Small-Scale Industry Workshops

Fields of Small-Scale Industry	1962 (1)	1964 (2)	1965 (3)
Machinery Manufacturing Industry	73	118	154
Chemical Industry	18	18	18
Electrical Machinery and Equipment Industry	94	120	182
Agricultural Machinery and Equipment Industry	714	830	1,022
Metal Goods Industry	1,857	2,086	2,494
Paper and Packing Industry	84	114	165
Construction Materials Industry	1,184	1,389	1,752
Forest Products Industry	1,859	2,240	2,835
Textile and Clothing Industry	3,282	3,547	4,446
Hide and Leather Industry	1,508	449	413
Rubber Industry	210	259	332
Plastics Industry	26	36	45
Storage (Modern storage and Frozen Storage) Industry	19	19	22
Automobile Repair shops	2,596	3,013	3,508
Other Repair Shops	1,801	2,380	3,053
Total	**14,325**	**16,618**	**20,461**

Source : State Planning Organisation

As the individuals who invest in branches of small-scale industry lack adequate knowledge to choose the right technology and not consulting offices exist, their decisions are erroneous and they waste the already scarce resources.

Small-scale industry had great crises when, along with industrialisation they were forced to stop repair work and to adopt normal manufacturing methods. Basic technologies needed in these fields such as blueprint reading, standardisation and specification and quality control, prevented them from adopting to the exigencies of the manufacturing system.

Because of the lack of professional and technical training the same time a large machinery and equipment pool is left idle in this sector, small industries are not able to meet satisfactorily the demands of quality and quantity.

In order to orient small-scale industry toward a production system to complement and supply large-scale industry and to enable it to benefit from large-scale industrial markets through sub-contracts, the production methods and technologies implemented in the large-scale industry should be followed closely. If co-operation is realised between the small and large-scale industries, manufacturing in the small-scale industries will naturally increase along with progress in large-scale industries, especially in the field of machinery.

The employment situation in the small-scale industry sector during 1965 is given in Table 352.

Due to the characteristics of production in the small-scale industrial branches, the total number of artisans, draftsmen and apprentices outnumber ordinary workers. Most of the workers in small-scale industries, except those in the textile and clothing industries, are unskilled workers and do secondary and hard work with very low wages.

The basic problem in small-scale industry today is to improve manufacturing methods according to the requirements of mass production This can be possible only when workers in this sector are given professional and technical training.

TABLE 352 — Employment in Small-Scale Industry (1965) (Number)

	Skilled Workers (1)	Foremen (2)	Apprentices (3)	Workers (4)	Total (5)
Machinery Manufacturing Industry	306	280	697	392	1,675
Chemical Industry	25	9	7	641	682
Electrical Machinery and Equipment Industry	146	86	292	77	601
Agricultural Machinery and Equipment Industry	1,207	827	1,554	545	4,123
Metal Goods Industry	2,517	2,107	4,669	394	9,687
Paper and Packing Industry	223	265	359	327	1,174
Construction Material Industry	1,992	1,173	2,614	5,544	11,323
Forest Products Industry	2,981	958	2,885	2,937	9,761
Textile and Clothing Industry	4,555	17,518	9,602	19,597	51,273
Hide and Leather Industry	974	750	222	2,216	4,162
Rubber Industry	546	567	616	787	2,516
Plastics Industry	95	73	92	99	359
Storage (Modern Storage and Frozen Storage)	16	2	3	340	361
Automobile Repair Shops	4,434	3,237	7,237	6,201	21,109
Other Repair Shops	3,350	1,705	2,366	3,902	11,323
Total	**23,367**	**29,557**	**33,216**	**43,999**	**130,339**

Source : State Planning Organisation

c. MEASURES

(1) The small-scale industry development centres will start their activities at the beginning of the Second Plan period.

(2) **The Ministry of Industry** will implement integrated development programmes for **small and large**-scale industries to ensure coordination.

(3) Credit questions of the small-scale industries will be considered separately from the artisan and small-scale handicraft credits, keeping in mind the characteristics of these industries.

(4) "The Controlled Credit" system will be implemented in financing small-scale industrial activities.

(5) Extensive educational and training methods will be employed to accelerate progress in this sector.

(6) An organisation will be set up to guide and assist small-scale industries in choosing the right technologies, to prevent the waste of scarce resources and to avoid excess production.

(7) Certain areas of production among the activities of small-scale industries will be turned over to large-scale industries and consequently, the problem of excess capacity is expected to be aggravated in certain branches of the small-scale industry towards the end of the Second Plan period. Therefore, the responsible public establishments and professional organisations will take long-term measures to support the small scale industries.

(8) The necessary measures will be taken to provide technical information and research services for the small-scale industrial enterprises

(9) In small-scale industry, the following questions will be studied: marketing, establishment of cooperation with large-scale industry; giving preference to small-scale industry products in public purchases; setting up a quality control system; and the establishment of cooperation and cooperatives between small-scale industry groups.

(10) Small-scale industries under the Ministries of Village Affairs and Industry will be integrated.

(11) Importance will be attached to the promotion of small-scale industries that manufacture agricultural equipment.

2. HANDICRAFTS

In general, handicrafts are defined as those goods produced by an artisan working on any craft manually and by using his skill, independently and under his own responsibility or with a member of his family or together with a draftsman or apprentice, at his home and/or his workshop and/or as a peddlar, for the purpose of marketing his products.

The term handicrafts also includes small-scale industry and handicrafts created in homes or villages.

a. PROGRESS AND PROBLEMS

The number of handicrafts workshops in Turkey at the end of 1965 was 192,242. This is shown in Table 353.

There is no specific manufacturing method in handicrafts. Moreover, technology is an altogether unfamiliar subject to handicrafts groups. Although the very primitive methods of manufacture in some cases cause loss of time and energy, artisans do not attach importance to this fact for the income derived from their production is often considered only as additional income.

As the subject of marketing in this sector has not yet been taken into consideration, demand is scarce and consequently, handicraft groups cannot go into continuous and balanced manufacturing.

TABLE 353 — Number of Handicrafts Workshops.

	1963 (1)	1964 (2)	1965 (3)
Blacksmith	10,600	11,812	12,264
Coppersmith	6,655	7,128	7,832
Stove Fitting and Tinsmith	6,860	7,892	8,313
Turning, Drilling, Planning Machine, Fitting	3,327	4,014	4,897
Foundery	723	737	896
Car Body Repair	891	1,136	1,293
Jewelery	1,063	1,179	1,339
Carpentery	6,982	7,929	8,866
Furniture	3,658	4,333	3.561
Coach Maker	2,891	3,161	3,553
Marble Cutting	170	197	232
Maintenance and Repair Work	926	1,134	1,385
Bricklaying	2,243	2,316	2,875
Stone Cutting	2,516	3,096	22,255
Shoemaker	20,147	21,114	22,383
Saddlemaker	2,187	2,246	2,474
Leather Goods Work	2.120	1,974	1,939
Hand Loom Weaving	12,914	12,195	10,127
Carpet and Rug Weaving	14,428	16,991	19,961
Dressmaking and Tailoring	26,511	29,419	31,935
Baker	6,417	7,179	7,978
Confectioner	2,124	2,430	2,810
Pastrami Making	310	407	507
Glass-Were	178	197	226
Ceramics and China	226	259	305
Printing	877	985	1,117
Sterotype Plate Making	81	89	107
Ship Building	132	145	172
Rope Making	7,390	6,982	6,970
Soap Making	585	675	772
Other Handicrafts	16,594	17,693	20,898
Total	**162,636**	**177,066**	**192,242**

Source : State Planning Organisation

With the progress in industrial manufacturing, handicrafts, especially small-scale handicrafts, are gradually disappearing. In 1965, 580 000 master artisans, foremen, apprentices and workers were working in the handicrafts manufacturing field. The employment situation in this sector is shown in Table 354.

In evaluating these figures it should be kept in mind that employment in handicrafts is not generally of a full-time nature.

As the owner himself is also the master artisan and as in most cases the master artisan works alone and/or employs only one apprentice, the excess number of artisans is evident.

There is not a fixed pay system for master artisans, foremen or apprentices. Their work is usually evaluated after their products have been sold.

The main professional and technical training has been based on the system of apprenticeship. However, this system is now being gradually phased out.

Due to the fact that the producers do not have information on the marketing potential, they cannot plan their production correctly. Those who manufacture products which have very good marketing potential cannot obtain the necessary funds for raw material. Because traditional designs, colors and patterns have been forgotten, the artistic quality of handicrafts of high marketing potential is also dropping.

b. BASIC PRINCIPLES

The development of handicrafts will be encouraged. Certain items that can be produced by mass production will be turned over gradually to large-scale industry and at the same time the necessary measures will be taken to prevent difficulties from occurring during the period of transition.

The promotion of handicrafts will be encouraged, especially to provide additional income for those in the agricultural sector, by using utilisable agricultural waste.

c. MEASURES

(1) With the objective of programming and carrying out all types of activities to promote handicrafts, a central institute will be organised to benefit from the technical aid projects of international organisations.

(2) Long term projects will be prepared by responsible organisations to solve basic problems in small-scale industries as a whole and to speed up progress in handicrafts and village home crafts.

(3) Studies will be initiated immediately to organise handicrafts in categorical order.

(4) Central and subordinate organisations will assist craftsmen in obtaining raw materials, credits and technical aid.

(5) A system will be set up to provide extensive professional and technical training in the handicrafts industries. In particular, the apprenticeship system will be regulated.

(6) The Ministry of Education will conduct research on the old forms ,designs and colours of local small-scale industry products to improve the local patterns.

(7) The Ministry Of Commerce will conduct research to find domestic and foreign markets for Turkish handicrafts.

(8) The Agricultural Bank will provide credits for financing those handicrafts that have marketing potential.

TABLE 354 — Employment In Handicrafts (1965) Unit

	Skilled Workers (1)	Foremen (2)	Apprentices (3)	Workers (4)	Total (5)
Blacksmiths	13,410	7.268	9,455	2,081	32,214
Coppersmiths	7,900	4,031	4,700	1,242	17,873
Stove Fitters and Tinsmiths	8,270	4,193	5,408	979	18,850
Turners, Drillers and Planning Machine Fitters	5,697	4,336	4,066	830	14,881
Foundery Workers	912	585	972	453	2,922
Car Body Repairers	1,305	1,277	1,888	202	3,972
Jewelers	1,563	1,188	842	899	4,492
Carpenters Furniture Workers	10,341	7,740	7,670	14,079	39,810
Coach Makers	4,758	3,091	3,607	2,616	14,072
Marble Gutters	3,497	2,570	2,285	1,144	10,496
Plumbers	308	129	78	64	579
Bricklayers	1,483	531	307	723	3,044
Stone Cutters	2,601	1,733	1,530	11,296	17,160
Shoemakers	3,988	969	450	3,732	9,138
Saddle Makers	24,566	11,412	11,013	13,429	60,420
Leather Workers	2,504	7,614	696	216	11,030
Hand Loom Weavers	1,872	1,771	691	1,355	5,689
Carpet and Rug Weavers	20,594	9,474	4,881	61,146	96,065
Dressmakers amd Tailors	32,080	18,927	21,748	13,793	86,548
Bakers	8,202	9,507	4,006	17,233	39,048
Confectioners	2,943	2,628	1,603	1,414	11,588
Pastrami Makers	540	253	297	632	1,722
Glass-Ware Makers	231	159	167	110	667
Ceramics and China	398	164	186	551	1,299
Printers*	1,260	720	656	1,837	4,473
Sterotype-plate Workers	121	29	75	8	233
Ship Building Workers	219	102	180	408	903
Rope Makers	6,894	912	4,014	351	12,171
Soap Makers	488	564	432	2,041	3,725
Other Handicrafts	24,100	5,610	6,266	3,385	39,361
Total	**204,409**	**112,343**	**101,332**	**162,419**	**580,503**

Source : State Planning Organisation

SECTION X

CONSTRUCTION

a. OBJECTIVES AND DEVELOPMENTS

(1) OBJECTIVES

(a) During the Second Five-Year Development Plan period, public administration buildings and housing provided by the State will be standardised to reduce costs and to shorten the construction period of such buildings. Projects will be drawn up according to the particularities of the regional materials and climatic conditions and to be more economic they will be standardised if necessary.

(b) In view of the regional construction demands throughout Turkey, use will be made of construction machinery pools.

(c) Taking into consideration the unemployment problem which varies according to regional and climatic conditions, intensive methods will be applied to develop manpower in infrastructural investments.

(2) DEVELOPMENTS

There has been only minor progress in the measures foreseen for the construction sector in the First Plan period.

(a) The draft bill amending Law No. 2490 on "Tender and Adjudication" is still under discussion and has not yet been passed.

(b) The question of bringing price analysis, agreement forms, general specifications, technical specifications and similar printed forms up to date, has been considered but no results have been achieved to date.

(c) The General Accounting Law not amended to accelerate the implementation of investments and to facilitate financial auditing.

(d) The unbalanced distribution of administrative and technical personnel among public construction units did not change during the First Plan period.

(e) The measures that should have been taken by the relevant organisations to meet the losses incurred by the construction sector were not realised.

(f) The encouragement of the private technical construction offices was dealt with by the various public organisations according to different criteria, consequently their improvement was not achieved.

b. SECOND FIVE-YEAR DEVELOPMENT PLAN ESTIMATES

(1) VALUE ADDED

Developments in the construction sector are the outcome of the investments made in other sectors. No statistics are available on the miscellaneous production of this sector which extends throughout the country. As shown in Table 355, in the GNP series the value added in the construction sector was estimated in terms of 1965 prices.

TABLE 355 — Value Added in the Construction Sector

				Rate of Annual Increase (%)	
	1962	1967	1972	1962 - 1972	1967 - 1972
	(1)	(2)	(3)	(4)	(5)
Value Added	3.1	4.5	6.5	7.8	7.6

(2) INVESTMENTS

Construction machinery, equipment and workshop investments were included under the investment sections of other sectors. In order that all of the investments foreseen for the Second Plan period can be realised it is estimated that an additional investment of TL 3.5 billion should be made in the construction sector. It is calculated that TL 2.3 billion of this will be met by imports.

c. MEASURES

(1) Law No. 2490 on "Tender and Adjudication" will be amended to favourably regulate government and contractor relations during the Second Plan period.

(2) There are a series of different figures on the value of the active or idle machinery pools throughout the country. These different figures bring forth different conclusions. To end this situation, the Ministry of Transport and Communication will follow up the annual additions to the machinery and equipment pools of the private and public sectors and will report to the State Planning Organisation the problems and the measures related to their utilisation.

(3) The Inter-ministerial and Inter-institutional Committee established to review printed documents relating to construction will give priority to reviewing the documents which will help regulate government-contractor relations and minimise legal conflicts. Thus, measures will be taken to eliminate procedural differences during the implementation of the Plan and to ensure the permanency of the Committee.

(4) Studies on the reorganisation of the public constructional organisations and for the elimination of their chaotic situation will be continued during the Second Plan period also. Measures will be taken to regulate the unbalanced distribution of the administrative and technical personnel. The distribution of engineers among provincial and central constructional organisations will be adjusted.

(5) To realise the investment programmes, public organisations will utilise the technical facilities of the private sector on a large scale. In order that the profession of contractors can be promoted and institutionalised, t ahtthose in the private sector can perform their functions efficiently and satisfactorily; they will be encouraged to organise and will be furnished with sufficient equipment.

Moreover, studies will be made on suitable measures for the extension of consultant engineer and architect firms to render them more efficient according to modern techniques in performing the duties charged to them. Modifications will be made in the procedure of tenders and other formalities, if necessary.

(6) The State construction agencies not operating in an efficient way will be liquidated and they will not be replaced.

(7) When Turkish engineers have assignments abroad, the Government will take measures to support them.

GENERAL ENERGY SECTOR

a. OBJECTIVE

The power demand in Turkey will be met in such a way so as to avoid bottle-necks.

b. DEVELOPMENTS

The total energy consumption, as the equivalent of coal consumption rose from 22 million tons at the beginning of the First Plan period to 30 million tons at the end of the period. Although there has been no significant change in the consumption of non-commercial fuel, its ratio in the figures of total energy has decreased as a result of the rapid increase in commercial fuel consumption.

In principle, during the Second Plan period, the absolute value of the utilisation amounts of non-commercial fuel, such as wood and dried dung, will decrease and the amount of commercial fuel consumed will increase. Thus, a more balanced utilisation of both will be obtained.

c. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

The demand of the rapidly expanding manufacturing industry and urbanisation for abundant and inexpensive energy is obvious. Therefore, it is estimated that more petroleum products will be used to meet this increasing demand during the Second Plan period.

TABLE 356 — Consumption Estimates of Various Energy Resources

(Coal as equivalent value)
(Thousand tons)

	Hard Coal (1)	Lignite (2)	Petroleum Products (3)	Hydro-Electric Energy (4)	Wood (5)	Dried-Dung (6)	Others (7)	Total (8)
1962	3,983	1,996	3,571	562	6,521	5,365	—	21,998
1967	5,000	3,500	9,000	1,000	6,700	5,400	—	30,600
1972	6,000	5,600	15,700	2,750	5,000	4,000	3,500	42,550

TABLE 357 — Shares of Various Resources in Energy Consumption

(Percentage)

	Hard Coal (1)	Lignite (2)	Petroleum Products (3)	Hydro-Electric Energy (4)	Wood (5)	Dried-Dung (6)	Others (7)
1962	18.1	9.1	16.2	2.6	29.6	24.4	—
1967	16.3	11.4	29.4	3.3	21.9	17.7	—
1972	14.1	13.1	36.9	6.5	11.8	9.4	8.2

TABLE 358 — Energy Investments

(Million TL — 1965 prices)

	1968-1972 Total
1. General Energy	0.1
2. Coke and Gas	0.1
3. Electrical Energy	8.7
Total	8.9

d. MEASURES

Natural gas has an important place next to coal, oil and hydroelectric power in other countries. In Turkey, natural gas reserves of production value have not been found to date. Extensive exploration in this field will be made during the Second Plan period. Natural gas will be imported from neighbouring countries and the price of energy resources will be adjusted according to the general energy balance.

COKE AND GAS

a. DEVELOPMENTS

Metallurgical coke demand was met from domestic resources during the course of the First Plan period. Surplus metallurgical coke produced from iron and steel plants and semi-coke produced from gas factories were marketed for domestic use. Furthermore, although the installation of gas factories in some cities such as Eskişehir and Bursa was foreseen for the same period, it was gives up because of liquid petroleum gas (LPG) competition and also because factories with small production capacity were not operating efficiently. In the First Plan period, demand estimates for 1967 were 242 million Nm^3 of gas and 16,000 tons of LPG, but the realisations were about 130 million Nm^3 of gas and 100,000 tons of LPG.

b. TARGETS AND ESTIMATES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

(1) Production and Demand

It is estimated that during the 1967-1972 period, production and demand will increase by 11.4 per cent annually. As a result of the opening of the third iron and steel factory, metallurgical coke production will be increased.

In the Second Plan period, when the production of petroleum coke from low gravity petroleum will be realised, it will be possible to produce 400,000 tons of coke per annum with the equivalent value of 6000 K calories

(2) Investments

The total investment estimate for the Second Plan period is TL 100 million, TL 25 million of which will be allocated to coke factories and TL 75 million to gas refineries. The investment in metallurgical coke factories is given in the Iron and Steel Works Sector.

TABLE 359 — Production and Value Added Estimates

Value : at 1965 producers prices

	1962		1967		First Plan Period Annual Increase (%)	1972		Second Plan Period Annual Increase (%)
	Quantity Tons	Value TL	Quantity Tons	Value TL		Quantity Tons	Value TL	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Metallurgical Coke	280,300	66,345,000	1,080,000	309,160,000	36.0	1,700,000	486,643,000	9.8
Heating Coke	472,000	61,163,000	250,000	27,863,000	—	1,000,000	111,450,000	—
Gas (Mil.Nm^3)	100,000	35,300,000	150	65,000,000	13.0	220	95,326,000	8.0
Total	—	**162,808,000**	—	**402,023,000**	**19.8**	—	**693,418,000**	**11.5**
Value Added	—	50,000,000	—	130,000,000	21.0	—	210,000,000	10.0

(1) In metallurgical coke, domestic production is equal to domestic demand. As actual demand has not been calculated for heating coke and gas, heating coke and gas production has been accepted as demand.

ELECTRICAL POWER SECTOR

a. OBJECTIVES AND DEVELOPMENTS

(1) OBJECTIVES

(a) In order not to create a bottle-neck in meeting the electrical power demand the production, transportation and distribution facilities will be brought up to a level higher than that of the existing demand

(b) In principle, an inter-connected network of electrical power will be expanded rapidly.

(c) To meet energy requirements, priority will be given to improving water resources.

(2) DEVELOPMENTS AND PROBLEMS

An investment of TL 5 billion in the electrical sector during the First Plan period was forecast. According to the estimates, in the course of the same period the consumption capacity, should have increased by an average of 13 per cent per annum as a result of the increases in production ,transportation and distribution of electrical power resulting from the anticipated investments. However, delays in investments, particularly for the installation of electrical power production centers, limited the amount of additional electrical energy provided to industry and other large-scale consumers and therefore increases did not go higher than 12 per cent.

During the beginning of the First Plan period, due to the existing excess capacity and the favourable effect of rain within certain limits it was possible to meet the increased demand for electrical energy without the need for a greatly enlarged production capacity. However, difficulties will be experienced in meeting demand during the 1968 - 1969 period even though new capacity will have been added. Net power rose from, 1,448 and 1,480 MW in 1962 and 1963, respectively, and to 2,186 MW in 1967.

In the electrical sector the problem of inadequate organisation and the lack of coordination continue to be important problems. It is anticipated, that with the passing of the Law establishing the Turkish Electrical Corporation, steps towards solving this problem will be taken in the near future. In this sector, during the First Plan period and in the previous implementations, delays in investments and also the unbalanced distribution of investments between production, transportation and the distribution of installations, had created important bottle-necks. Moreover, this sector is today faced with important problems such as irregularities in taxes and interest, insufficient technical personnel administrative and financial difficulties encountered in operation inefficient economic standards and the lack of normal conditions.

b. OBJECTIVES AND ESTIMATES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

(1) Demand and Production

The demand and poraduction estimates were made according to the general principles that orient the development of the sector. The purpose of this was to eliminate the problem of an insufficient electrical power supply that could hinder industrialition. Deman and gross production estimates are given in Table 360 and 361.

(2) Value Added

Value added created in the sector during 1967 is around TL 800 million. It is estimated that value added in 1972 will reach TL 1.540 billion.

(c) INVESTMENTS

In planning production potential and investments, care was taken to ensure that no energy shortage would be experienced during the Second Plan period. Moreover, due to the fact that the period between the project stage and the actual installation of hydro-electric facilities is, in general, eight to ten years, the portion of investments required during this period for installations that will be opened to service during 1975 - 1976 was also taken into consideration. During this period investments worth TL 8.7 billion will be made in the electrical energy sector. Distribution according to year is given in Table 362.

d. MEASURES

(1) Interest, taxes and fees which vary considerably according to the structure of organisation within the electrical sector, will be reviewed and brought in line with present conditions.

(2) Special tariffs will be applied for industrial areas where there is organised industrialisation and for those branches of industry that will be listed.

(3) Research will be made an ways to profit from nuclear power resources and efforts will be made to install nuclear power plants.

TABLE 360 — Electrical Power Demand and Production in Million Kwh.

	1962 (1)	1963 (2)	1967 (3)	1972 (4)	Index 1972 1967 = 100 (5)	Annual Increase (%) (6)
Demand	3 059	3 406	5 255	10 100	192	14
Domestic Requirement and Network Registration	500	577	995	1 750	176	12.8
Gross Production	3 559	3 983	6 250	11 850	190	13.9

TABLE 361 — Electrical Power Demand and Production in Million TL

	1962 (1)	1963 (2)	1967 (3)	1972 (4)	Index 1972 1967 = 100 (5)	Annual Increase (%) (6)
Demand	645	719	1 100	2 131	192	14
Domestic Requirement and Network Registration	105	121	210	369	176	12.8
Gross Production	750	840	1 320	2 500	190	13.9

TABLE 362 — Investments in the Electrical Sector

(Million TL)

	1967 (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)	1968 - 1972 Period Total (7)
Total Investments	1 250	1 700	1 700	1 750	1 750	1 800	8 700

TRANSPORTATION AND COMMUNICATION

a. TRANSPORTATION

(1) OBJECTIVES AND DEVELOPMENTS

(a) OBJECTIVES

(i) The transportation sector will be expanded and supported to realise the economic and social targets foreseen in the Plan. In preparing sector programmes, the principle to be adopted will be to minimise costs and ensure stability in meeting demand.

(ii) To facilitate economic growth and secure balanced development in the sector, all sub-sectors must compete under similar conditions.

(iii) It will be ensured that those who benefit from the transportation systems in the sector should contribute to depreciation, maintenance and repair expenses.

(iv) The structure of the sector will be rendered dynamic, efficient and flexible according to the changing conditions. However, modernisation will not only cover technical facilities but will also include modernisation of the whole transportation sector, its administration, organisation, planning, operation and research.

(v) Security will be ensured in the transportation systems and accident prevention will be emphasized.

(b) DEVELOPMENTS AND PROBLEMS

(i) Transportation

The general situation at the beginning of the Second Plan period in the transportation sector is more or less the same as that at the beginning of the First Plan period.

Transportation activities are carried out either by private or public organisations. Although the present system is still not efficient, from the point of view of actual transportation it is adequate to meet the demand from other sectors.

Transportation services and the relevant activities are hadled by numerous individuals and organisations and consequently co-ordination cannot be established. Liaison between the operational and constructional organisations could not be established.

Highway transportation, especially freight transportation, is disorganised. Excess competition causes fares to fall greatly below normal levels and consequently leads to the excess loading of vehicles. Cargo transportation is rapidly changing from railroad and sea transportation to highway transportation. This trend is rising rapidly because those who use highways do not participate in road building and maintenance expenses or fees for the use of the roads. Due to the fact no productive steps have been taken towards formation of companies for the transportation of goods, the solution of problems in this respect is becming more difficult. As there is no obligation to obtain a license for dealing with the transportation of goods on roads, no rules have been established for starting or liquidating a business in this field. Due to the fact that road transportation vehicle operators are not required to have any special training before they get their drivers' licence, and also as a result of inadequate traffic control, the rate of accidents per number of vehicles has gone up. Furthermore, neither the passenger, freight or driver is insured.

The State Railways Administration is continuosly incuring operational deficits as a result of drowbacks in their system, the lack of an orderly administrative system and the trend towards road freight transportation.

The passenger carrying capacity of both domestic and external maritime lines continues to drop. Because transportation is continued in lines which have lost their clientele, the operational deficits continue to increase. The Turkish Merchant Marine Fleet consists, in general, of old, slow vessels. During the First Plan period, it was not possible to realise the targets of carring at least 50 per cent of foreign trade goods by the Turkish Marchant Marine Fleet add to old new vessels to the existing one.

The Turkish State Airlines has not reached the level required by modern airline operational standards. Airport incomes are less than airport expenses. The unified administration of airport services was not achieved.

(ii) Infrastructure

Extension of the State higway network was achieved on a large scale. However, physical standards were not brought up to an adequate level. Seventy per cent of state highways and 84 per cent of provincial roads are not up to standard and the lack of control of excess loading is causing further deterioration.

Importance was attached to the construction of village roads during the last years of the First Plan period and the building of "group village roads", an economical way to solve the problem, was started during this period. Effective co-operation between responsible organisations in the construction of village roads was not secured. This situation prevents the effecient utilisation of the existing road building capacity, as far as machinery, equipment and manpower are concerned.

With regard to railroads, in the course of the First Plan period, the renovation, repair and welding of railroads were carried out together with the construction of new rail beds. However, the construction of most of the railroads is old, their standards are inadequate the distance between towns is too long and most of the locomotives and wagons are very old. These are the main reasons for losses in the operation of the Turkish Railways Administration.

The harbours have sufficient capacity. After the equipment requirements are met, there should be no danger of bottlenecks in this field because many ports and harbours were repaired or rebuilt during the First Plan period. The planning, building and administration of harbours under one authority was not realised. This has lead to the unbalanced utilisation of harbour capacity.

It is desirable to review the physical conditions of the airports that are open to domestic and foreign air traffic and a study on this subject would be very useful. Although air traffic security equipment was supplied in large quantity during the First Plan period, the remaining equipment should also be provided within the coming years.

(2) ESTIMATES AND OBJECTIVES OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

(a) Demand Estimates

Passenger carrying estimates for city and inter-urban public transportation are given in Table 363 and foreight carrying estimates for domestic lines are shown in Table 364. During the First Plan period the greatest progress in inter-urban passenger transportation services was in highway transportation which increased at a rate of 16.8 per cent. Inter-urban transport, excluding air transport, the greatest progress was again in road freight transportation which increased at a rate of 18.0 per cent. The most important reasons for this rapid progress are the developments in roads and the transportation vehicle pool during the First Plan period, compared to past years. It is estimated that during the Second Plan period, extensive development will take place in highways, though not to the same extent as in previous years.

The share of railroad and sea transport in passenger and freight carrying services legged behind the estimates of the First Plan period. This was caused by the inadequate road network and vehicle pools and, more particularly, by the disorganized operation and administration of the public administration as well as the extensive development in road transportation. An increase of 4.1 per cent in railroad passenger carrying capacity and a decrease of 4.1 per cent in sea passenger carrying capacity is estimated for the Second Plan period. Regarding freight carrying services, these rates are estimated to increase by 4.9 per cent and 7.3 per cent, respectively.

Important increases are estimated in air passenger and cargo transportation as a result of jet passenger aircraft.

Estimates on loading and unloading in harbours are given in Table 367 and airport traffic is shown in Table 368. During the Second Plan period a 7.2 per cent increase in harbour traffic and a 6.1 per cent increase in airport traffic is expected.

The estimates for passenger carrying capacity on foreign routes are given in Table 365 and those for cargo carrying capacity in Table 366. The cargo carrying load on foreign routes is mostly by sea and a 2.9 per cent increase is estimated in this field during the Second Plan period.

TABLE 363 — Domestic Lines-Passenger Carrying Estimates

(Million Passengers X kilometers)

Type of Transportation		1963 (1)	1967 (2)	First Plan Period Annual Increase (%) (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase (%) (7)
Road :	Inter-Urban	19 369	36 100	16.8	40 200	60 400	167.3	10.7
	Local	1 184	1 045	— 3.0	1 070	1 200	114.8	2.9
Railroads :	Inter-Urban	3 005	3 639	4.9	3 779	4 428	121.6	4.1
	Local	626	710	3.3	730	880	123.9	4.8
Sea :	Inter-Urban	213	178	— 4.6	172	147	82.6	— 3.9
	Local	965	1 025	1.5	1 040	1 150	112.2	2.6
Air :	Inter-Urban	124	203	13.2	226	356	175.3	12.0
	Local	—	—	—	—	—	—	—
Total	Inter-Urban	**22 711**	**40 120**	**15.2**	**44 377**	**65 331**	**162.8**	**10.0**
	Local	2 775	2,780	0.01	2 840	3 230	116.2	3.3

Note : (1) Estimates for local and inter-urban highway and sea transportation include only transportation by the public sector.
(2) Figures for local highway transportation are only for the Ankara, Istanbul and İzmir lines.

TABLE 364 — Domestic Lines Cargo Transportation Estimates

(Million Tons X Kilometers)

Type of Transportation		1963 (1)	1967 (2)	First Plan Period Annual Increase (%) (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase (%) (7)
Highway		6 717	12 500	18.0	14 400	25 900	207.2	15.8
Railway		4 111	6 201	10.8	6 477	7 849	126.5	4.9
Sea	Inter-ports	1 889	3 420	16.8	3 680	4 880	142.6	7.3
	City Lines	65	80	5.4	81	103	128.8	6.2
Air		1.1	2.4	21.2	3.2	5.0	208.3	11.8
Total	**Inter-Urban**	**12 418.1**	**22 123.4**	15.4	**24 560.2**	**38 634.0**	**174.6**	**12.0**
	City Lines	65	80	5.4	81	103	128.8	6.2

Note : (1) Highway and railway transportation estimates show inter-urban lines.
(2) Sea and city lines transportation estimates include only transportation by the public sector.

TABLE 365 — Passenger Carrying Estimates-Foreign Routes

(Million Passengers X kilometers)

Type of Transportation	1963	1967	First Plan Period Annual Increase (%)	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Highay	—	72	—	83	130	180.6	11.8
Railway	—	—	—	—	—	—	—
Sea	145	114	— 6.2	119	144	126.3	4.9
Air	49	118	40.0	201	280	148.9	8.7
Total	**194**	**374**	**17.8**	**403**	**554**	148.1	**8.3**

Note : Estimates for all systems except the highway show transportation by the public sector.

TABLE 366 — Freight Carrying Estimates-Foreign Routes

(Million Tons X Kilometers)

Type of Transportation	1963	1967	First Plan Period Annual Increase (%)	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Highay	3	15	50.0	21	100	666.7	48.0
Railway	52	350	65.1	408	780	222.8	17.6
Sea	7 204	8 100	3.0	8 400	9 400	116.0	2.9
Air	0.4	0.8	18.8	1.4	2.5	312.5	15.6
Total	**7 259.4**	**8 465.8**	**4.0**	**8 830.4**	**10 282.5**	**121.5**	**3.9**

Note : Estimates for all systems except the highway show transportation by the public sector.

TABLE 367 — Loading-Unloading Estimates for Ports

(Thousand Tons)

Type of Transportation	1963 (1)	1967 (2)	First Plan Period Annual Increase (%) (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase (%) (7)
Derince	295	420	9.2	467	617	146.9	7.2
Ereğli (Karadeniz)	452	2,972	63.5	3,043	4,250	143.0	8.7
Giresun	58	50	— 3.8	56	63	126.0	5.8
Haydarpaşa	958	836	— 3.2	878	1,094	130.9	5.7
Istanbul (Excl. H. Paşa)	795	805	0.4	825	915	113.7	2.7
İskenderun	697	911	6.9	1,002	1,482	162.7	10.2
İzmir	674	850	6.0	895	1,070	125.9	4.6
Mersin	370	580	11.9	630	838	144.5	7.4
Samsun	364	1,115	32.6	1,170	1,840	165.0	12.0
Trabzon	224	225	0.05	233	275	122.2	4.3
Zonguldak	1,510	1,700	3.0	1,750	2,020	118.8	3.7
Total	**6,397**	**10,464**	**13.0**	**10,949**	**14,464**	**138.2**	**7.2**

Note : 1) Excluding Giresun, Trabzon and Zonguldak, in all other ports the loading and unloading of the vessels under 300 ton capacity is not within the monopoly of these ports. Therefore, these vessels are not included in the figures.

2) Figures for fuel and timber loading and unloading at the Ereğli, İstanbul, İzmir, Zonguldak, Giresun Trabzon and Mersin Ports are not given in the Table.

3) Figures do not include coal loading and unloading at İstanbul (except at Haydarpaşa). Approximately one Million tons of coal per annum are loaded and unloaded at this port.

4) The reason the loading and unloading figures for the Ereğli and Zonguldak ports are high is that the amount of coal loaded and unloaded at Ereğli and coal and mine ore loaded and unloaded at Zonguldak is high.

TABLE 368 — Airport Traffic

(Traffic = 1 landing + 1 Take-Off)

	1963 (1)	1967 (2)	First Plan Period Annual Increase (%) (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase (%) (7)
I. Turkish Aircraft (Commercial and Military,							
1. Yeşilköy Airport	14,878	21,000	9.0	23,000	33,000	157.1	9.5
2. Esenboğa Airport	10,161	14,210	8.7	15,550	22,100	155.5	11.6
3. Other Airports	19,537	24,550	5.9	25,800	30,850	125.6	4.6
Total	**44,576**	**59,760**	7.6	**64,350**	**85,950**	**143.8**	**7.5**
II. Foreign Aircraft (Commercial and Military)							
1. Yeşilköy Airport	13,989	13,900	—2.2	14,100	15,300	110.0	2.1
2. Esenboğa Airport	9,961	9,200	—1.8	9,450	10,800	117.4	3.5
3. Other Airports	3,560	3,200	—2.2	3,250	3,950	123.4	5.0
Total	**27,450**	**26,300**	**—1.0**	**26,800**	**30,050**	**114.3**	**3.0**
Grand Total	72,026	86,060	4.6	91,550	116,000	134.8	6.1

(b) CAPACITY

(1) Vehicles and Carrying Capacity

The passenger carrying capacity of public transportation vehicles in inter-urban and city lines is given in Table 369 and the freight carrying capacity in Table 370. Although, in general, an increase is estimated in the passenger carrying capacity of the entire transportation sector, a decrease is expected in this capacity concerning sea transportation. This decrease is caused by the competition from highway transportation in domestic lines and from air transportation in foreign lines.

An average increase of 2.6 per cent in the number of trucks and lorries, 5.7 per cent in buses and minibuses, 11.2 per cent in cars and jeeps is estimated during the Second Plan period. These rates were 5.1 per cent, 7 per cent and 12.3 per cent, respectively, during the First Plan period.

The increase in rolling stock capacity will be ensured by replacing steam locomotives which have completed their economic life, with the domestically manufactured new diesel locomotives; by replacing the first class coaches with more comfortable second and third class coaches with a carrying capacity of 6-8 people per comportment; by adding a different motorized rail vehicle system with separate locomotives and wagons and adjustable seat-bed combinations to the existing motorized vehicle fleet; and also by manufacturing new freight wagons with greater carrying capacity.

In sea transportation a great amount of imported crude petroleum will be transported by the new tankers of high tonnage which will soon enter into service. The Turkish Merchant Marine Fleet will be renovated and its capacity will be increased by domestically manufactured or imported cargo ships, provided that their importation does not impede development of the domestic ship building industry.

The existing aircraft fleet will be operated in domestic lines on a large scale and air transportation on foreign routes will be made safer and faster with the new passenger jet aircraft.

TABLE 369 — Passenger Carrying Capacity of Transportation Vehicles

(Million Passengers X Kilometres)

Type of Transportation		1963	1967	First Plan Period Annual Increase (%)	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Highway	Inter-Urban	40 900	60 100	10.0	65 500	88 500	147	7.9
	Local	2 830	2 490	—3.3	2 550	2 840	114	2.8
Railway	Inter-Urban	5 120	5 590	2.2	5 700	6 240	112	2.3
	Local	2 109	2 315	2.4	2 405	2 825	122	4.2
Sea:	Inter-Urban	900	902	0.05	838	758	84	—2.5
	Local	2 405	2 550	2.0	2 570	2 690	105	1.2
Air:	Inter-Urban	314	813	27.3	851	1 059	130	5.6
	Local	—	—	—	—	—	—	—
Total:	Inter-Urban	47 234	67 405	9.3	72 889	96 557	143	7.3
	Local	7 344	7 355	0.05	7 525	8 355	114	2.7
Grand Total		**54 578**	**74 760**	**8.2**	**80 414**	**104 912**	**140**	**6.8**

NOTE : (1) In the Table, figures for inter-urban lines (higway) carrying capacity are theoretical estimates and the other figures are actual.

(2) Figures for local highway and sea transportation capacity cover only the public sector.

(3) Local highway transportation capacity covers only Istanbul, Ankara and Izmir.

TABLE 370 — Cargo Carrying Capacity of Transportation Vehicles

(Million Tons X Kilometres)

Type of Transportation		1963	1967	First Plan Period Annual Increase (%)	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Highway		16 800	24.400	9.7	27 300	43 000	176	12.0
Railway		10 900	13 633	5.8	14 437	17 987	132	5.7
Sea	Inter-Urban	20 514	22 364	2.2	22 850	24 950	112	2.2
	Local	83	102	5.4	102	129	126	6.0
Air		8	21	27.5	21	26	124	5.5
Total	Inter-Urban	48 222	60 418	5.8	64 608	85 963	142	7.4
	Local	83	102	5.3	102	129	126	6.0
Grand Total		**48 305**	**60 520**	**5.8**	**64 710**	**86 092**	**142**	**7.4**

NOTE : (1) In the highway and railway columns only the inter-urban lines capacity is given.
(2) Inter-port and city line sea transportation covers only the public sector.
The highway vehicle pool capacity is given in Table 371, railway in Table 372, sea in Table 373 and aircraft in Table 374.

TABLE 371 — Road Vehicle Pool Capacity

(Number)

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trucks and Lorries	80,695	84,477	95,460	97,647	98,650	100,150	102,150	104,650	107,650	111,150
Buses and Minibuses	19,269	20,739	22,210	23,708	25,230	26,780	28,370	30,000	31,700	33,500
Cars and Jeeps	72,034	79,114	91,520	106,282	121,280	136,780	153,280	171,280	191,280	213,780
Total	**171,998**	**184,330**	**209,190**	**227,637**	**245,160**	**263,710**	**283,800**	**305,930**	**330,630**	**358,430**

Note : Military transportation vehicles are not included in the Table.

TABLE 372 — Railway Vehicles

(Number)

	1963 (1)	1964 (2)	1965 (3)	1966 (4)	1967 (5)	1968 (6)	1969 (7)	1970 (8)	1971 (9)	1972 (10)
1. Steam locomotives										
a) Normal Track Locomotives										
(1) Mainline Locomotives										
Coal Operated	572	570	557	528	508	490	476	465	454	450
Fuel-Oil Operated	192	193	205	230	240	250	258	264	270	270
(2) Shunting Locomotives										
Coal Operated	81	79	74	74	70	60	52	44	38	32
Fuel-Oil Operated	22	22	22	22	22	22	22	22	22	22
b) Narrow Track Locomotives Coal-Operated	6	6	6	6	6	6	6	6	6	6
2. Disel Locomotives										
a) Normal Track Locomotives										
(1) Mainline Locomotives	8	8	48	48	48	55	68	87	116	146
(2) Shunting Locomotives	59	59	59	59	59	71	81	87	93	93
3. Electric Locomotives										
a) Normal Track Locomotives	3	3	3	3	3	3	3	8	8	13
4. Electric Trains										
a) Normal Track	30	30	30	30	30	30	30	30	30	35
5. Motorized Trains										
a) Normal Track	31	31	31	31	31	30	29	28	27	26
6. Motorized Wagons and Trailers										
a) Normal Track	70	70	70	69	69	68	68	67	67	67
7. Passenger Wagons										
a) Normal Track	1,216	1,162	1,164	1,177	1,198	1,250	1,200	1,148	1,096	1,042
b) Narrow Track	16	16	16	16	16	16	16	16	16	16
8. Freight Wagons										
a) Normal Track	16,086	15,873	15,968	16,203	16,300	16,375	16,435	16,485	16,502	16,512
b) Narrow Track	33	33	33	28	28	28	28	28	28	28
9. Administrative Services										
a) For Normal Track Lines	2,344	2,333	2,423	2,440	2,470	2,490	2,505	2,515	2,525	2,535
b) For Narrow Track Lines	4	4	4	4	4	4	4	4	4	4
10. Wagons Belonging to Private and Public Organisations										
a) Normal Track	451	399	422	419	420	425	430	435	440	445
11. Tankers of Private and Public Organisations										
a) Normal Track	1,014	1,035	1,130	1,129	1,125	1,122	1,120	1,118	1,117	1,116

TABLE 373 — SEA Transportation Vehicles

	1967			1968			1969			1970			1971			1972		
	Number	Gross Ton	DWT	Number	Gross Ton	DWT	Number	Gross Ton	DWT	Number	Gross Ton	DWT	Number	Gross Ton	DWT	Number	Gross Ton	DWT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		(17)	(18)
Public Sector																		
Cargo Vessels	28	115,904	167,477	30	133,904	192,477	30	133,904	192,477	32	151,904	217,477	33	156,904	223,977	34	161,904	230,477
Passenger Vessels (mixed)	24	112,002	54,346	24	112,002	54,346	24	112,002	54,346	25	114,982	54,896	25	114,982	54,896	26	117,962	55,446
Oil Tankers	5	43,383	65,725	6	79,383	125,725	7	115,383	185,725	7	115,383	185,725	8	121,383	195,725	9	127,383	205,725
Total	**57**	**271,289**	**287,548**	**60**	**325,289**	**372,548**	**61**	**361,289**	**432,548**	**64**	**382,269**	**458,008**	**66**	**393,269**	**474,598**	**69**	**407,249**	**491,648**
Private Sector																		
Cargo Vessels	103	249,559	354 818	104	251,059	357,065	106	357,059	365,068	108	269,459	382,818	110	273,959	388,818	113	282,959	401,318
Passenger Vessels																		
Oil Tankers	21	126,133	198,486	21	126,133	198,486	23	135,133	213,486	24	171,133	273,486	26	180,133	288,486	27	186,133	298,486
Total	**124**	**375,692**	**553 304**	**125**	**377,192**	**555,551**	**129**	**392,192**	**578,551**	**132**	**440,592**	**656,304**	**136**	**454,092**	**677,304**	140	**469,092**	**699,804**
Total																		
Cargo Vessels	131	365,463	522,295	134	384,963	549,545	136	390,963	557,545	140	421,363	601,295	143	430,863	612,795	147	444,863	631,795
Passenger Vessels	24	112,002	54,346	24	112,002	54,346	24	112,002	54,346	25	114,982	54,896	25	114,982	54,896	26	117,962	55,446
Oil Tankers	26	169,516	264,211	27	205,516	324,211	30	250,516	398,211	31	286,516	459,211	34	301,516	484,211	36	313,516	504,211
Grand Total	**181**	**646,981**	**840,852**	**185**	**702,481**	**928,102**	**190**	**753,481**	**1,011,102**	**196**	**822,861**	**1,115,402**	**202**	**847,361**	**1,151,902**	**209**	**876,341**	**1,191,452**
Public Sector																		
Local Lines	66	32,841		66	32,841		67	33,341		68	33,840		69	34,340		69	64,340	
Car Ferries	16	14,196		16	14,196		17	15,196		18	16,096		18	17,096		19	18,096	
Total	**82**	**47,037**		**82**	**47,037**		**84**	**48,537**		**86**	**49,936**		**87**	**51,436**		**88**	**52,436**	

Note : (1) Vessels used by public organisations other than the Turkish Maritime Bank for their own service are not included in the Table.
(2) Vessels with capacity under 300 gross tons are not included in the Table.

TABLE 374 — Aircraft

(Number)

Type	1967	1968	1969	1970	1971	1972
	(1)	(2)	(3)	(4)	(5)	(6)
Heron						
C - 47	2	2	2	2	2	2
DC - 3	10					
F - 27	8	8	8	8	8	8
Viscount	4	4	4	4	4	4
Jet	2	3	3	4	4	4
Total	**26**	**17**	**17**	**18**	**18**	**18**

Note : (1) The 7 Heron aircraft which have not been in service since 1958 were sold in 1966.

(2) Five DC - 3 aircraft were sold to the Turkish Air Forces and two to the Ethiopean Air Lines.
Five DC - 3 aircraft are not in condition to fly. The other DC - 3 aircraft will be retired and sold when the possibility arises.

(II) Road Capacity

Estimates for the road capacity of various transportation systems are given in Table 375, 376 and 377.

TABLE 375 — Highway Network

(Kilometres)

Type of Roads	1963 (1)	1967 (2)	First Plan Period Annual Increase % (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase % (7)
1. State Roads							
a. Hard Surface Roads							
(1) Stone block	198	189	—1.3	200	240	126.9	4.7
(2) Concrete Asphalt	1,125	1,312	4.0	1,650	3.000	228.6	15.9
(3) Bituminous Asphalt	8,603	12,893	10.6	14,500	20,500	159.0	9.0
b. Loose Surface Roads							
(1) Stabilised Gravel	19,292	14,134	—7.4	12,820	7,900	55.9	—11.4
(2) Macadam	285	286	0.05	270	200	69.9	— 7.2
c. Earth Roads (Graded)							
(1) Graded Hard Earth Roads With Drainage	1,226	709	—12.9	600	200	28.2	—24 0
(2) Earth Roads	1,293	1,294	0.03	1,100	300	24.3	—27.8
d. Unimproved Roads	2,514	1,923	—6.9	1,600	400	20.8	—29.3
State Roads	34,536	32,740	—1.4	32,740	32,740	100.0	0.0
2. Provincial Roads							
a. Covered Roads							
(1) Cement Concrete	—	—	—	—	—	—	—
(2) Bituminous Asphalt	380	858	22.6	1,000	1,800	209.7	16.9
(3) Stone Block	—	30	. .	30	40	133.0	6.8
(4) Macadam	1,292	1,600	5.5	1,600	1,600	100.0	0.0
(5) Stabilised	12,977	10,174	—6.0	10,790	13,180	129.5	5.6
b. Earth Roads							
(1) Graded Hard Earth Roads With Drainage	—	1,261	. .	1,200	800	66.7	— 9.9
(2) Without Drainage	4,313	2,216	—15.5	2,008	1,200	54.2	—12.0
c. Unimproved Roads	4,953	9,481	17.6	9,000	7,000	73.8	— 6.1
II. Provincial Roads	23,915	25,620	1.8	25,620	25,620	100.0	0.0
3. Village Roads							
a. Covered (1st Class)	—		—	3,100	17,500	564.0	54.1
b. Covered (2 nd Class)	13,888	28.500	20.6	28,500	28,500	100.0	0.0
c. Graded	13.873	17.479	7.5	17.379	15.979	90.8	— 1 5
d. Unimproved Roads	20,230	104,021	50.6	101.021	88,021	84.8	— 3.5
Village Roads	47.991	150,000	33.0	150,000	150.000	100 0	0.0

The following explanation should be made in connection with Table 375:

— The General Directorate of Highways is working on the existing road network. New roads are constructed according to modern standards and are shorter compared to the old ones. Therefore, the length of the existing road network does not become appreciably longer than that of the previous year, even though new roads are constructed. Consequently, a change in the total length of State and city roads is not significant.

— During the First Plan period, due to different descriptions of State, provincial and village roads, there were transfers from State roads to provincial roads and vice versa. Consequently, inconsistencies arose in the total figures on roads. Likewise, it is not possible to find out the length of roads constructed during the First Plan period from the values given in the Table.

— The length of villages roads, especially unimproved roads, is based on road maps and scales and is therefore, approximate. During the First Plan period there was an increase of 14,400 kilometres of covered roads. In the Second Plan period, this figure will be only 14,400 kilometres although the financing opportunities will be better. This is due to preference for high quality road construction with lower maintenance cost and longer life, instead of low quality, quickly deteriorating roads.

— During the Second Plan period, emphasis will be put on building group village roads. This new network will be about 45-50,000 kilometres. This was not included in the table because of incomplete final inventories.

TABLE 376 — Railway Network

(Kilometres)

Mainline Railways	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Normal Track	7,874	7,971	0.4	8,156	8,187	102,7	0.3
Narrow Track	37	37	0.0	—	—	—	—
Total	**7,911**	**8,008**	**0.4**	**8,156**	**8,187**	102.7	**0.1**

Note : In addition to the 8,008 kilometres of railway network at the end of 1967, there are also 115 kilometres of secondary and tertiary tracks, 1,474 kilometres of shunting tracks at stations and 240 kilometres of connection tracks. This adds up to a total length of 9,873 kilometres. During the Second Plan period, after the completion of the double track Gebze-Arifiye and Cebeci-Kayaş lines, the length of the secondary and tertiary tracks will be 211 kilometres.

TABLE 377 — Port Capacity (End of 1965)

Ports	Covered Storage (m²)	Open Storage (m²)	Storage Capacity of Silos (Tons)	Length of Piers (Metres)	Annual Capacity (1,000 Tons)		Annual Capacity (1000 Tons)	
					Mixed	Bulk	Special Equipment	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Derince	2,368	26,370	10,000	201	315	500	Silo : Cereal : 130 (Unloading)	
Ereğli Karadeniz	18,600	102,000	—	1,015	315	—	Coal : 540 (Loading) New Port Conveyor Mine-ore : 2,500 (Unloading) Coal : 3,600 (Unloading)	
Giresun	1,075	47,524	—	653	315			
Haydarpaşa	17,436	26,775	50,000	1,195	1,265	500	Silo : Cereal : 2,600 (Unloading)	
İstanbul (Excluding Haydarpaşa)	121,074	84,810	—	1,730	2,850	1,000	Coal : 1,000 (Unloading)	
İskenderun	10,161	98,175	20,000	600	950	750	Conveyor : Cereal : 972 (Loading) Ore : 1,134 (Loading) Coal : 202 (Unloading)	Fuel-Oil 1,440
İzmir	25,755	74,547	20.000	4,229	2,215	500	Silo : Cereal : 2,160 (Loading) 1,080 (Unloading)	Fuel-Oil 8,640
Mersin	11,040	39,150	100,000	2,218	1,900	500	Silo : Cereal : 17,280 (Loading)	
Samsun	13,400	12,000	35,000	956	790	500	Conveyors : Ore : 2,500 (Loading) Coal : 1,440 (Unloading)	
Trabzon	5,700	105,446	10,000	410	315	500		
Zonguldak	1,560	52,225	—	1,150	260	—	Coal : 1,800 (Loading)	

Note : (1) Bulk and mixed loading and unloading capacities are the amounts supplied.

(2) During the Second Plan period, in addition to the ports given in the table, the Antalya, Hopa and Bandirma ports will also start operating. In addition, the capacity will increase as a result of extension of the İskenderun port which will be completed in the course of the Plan period.

TABLE 378 — Airports

(Number)

Type of Aircraft	1963			1967			1972		
	Commercial Airports		Military Airports Used by Commercial Aircraft	Commercial Airports		Military Airports Used by Commercial Aircraft	Commercial Airports		Military Airports Used by Commercial Aircraft
	Suitable	Operating		Suitable	Operating		Suitable	Operating	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
C - 47 (and similar)	24	24	9	25	13	9	25	13	10
DC - 3 (and similar)	24	24	9	25	13	9	25	13	10
F - 27 (and similar)	16	7	8	8	8	8	8	8	9
Viscount (and similar)	10	5	8	4	4	8	4	4	9
DC - 7 (and similar)	3	2	7	3	3	7	3	3	8
Caravelle (and similar)	3	2	7	3	3	7	3	3	8
Boeing - 707 (and similar)	3	2	7	3	3	7	3	3	7

Note : The Ağrı, Gaziantep, Aydın, Urfa, İskenderun, Kars, Kastamonu and Kayseri airport runways are of earth.

(c) INVESTMENTS

A total investment of TL 16.74 billion will be made in the transportation sector during the Second Plan period.

Investment in land transportation constitutes the greatest portion of the total investment in this sector (72.7 per cent). This investment will be used for improvement of the physical standards of the existing road network and the extention of group village roads. 1,700 kilometres of concrete asphalt and 7,600 kilometres of bituminous covered national roads as welf as 950 kilometres of bituminous covered provincial roads, 3,000 kilimetres of stabilised roads and 17,500 kilometres of covered village roads will be built. During the Second Plan period, projects will be undertaken to build the roads around İstanbul, the bridge over the Bosphorous, a higway between İstanbul and İskenderun and to finish the roads in South-Western Turkey which are important for tourism.

Investment in the railway network constitutes 18.8 per cent of the total transportation investment. Priority will be given to these investments and to large projects already in progress Furthermore, sections of the existing railroad network which have completed their economic life will be repaired, giving priority according to traffic demand. Inportance will be given to the modernisation of railroad rolling stock presently in use.

With regard to sea transportation, harbours and port shelters under construction will be continued and the existing bottlenecks will be eliminated. The present oil tanker fleet will be improved with the addition of new oil tankers.

Two new jet passenger aircraft will be added to the present fleet in the course of the Second Plan period.

TABLE 379 — Investment-Transportation Sector

(Million TL)
(At 1965 Prices)

	Total First Plan Period (1)	1968 (2)	1969 (3)	1970 (4)	1971 (5)	1972 (6)	Total Second Plan Period (7)
Highway	6 360.0	2 070.0	2 230.0	2 400.0	2 625.0	2 845.0	12 170.0
Railway	1 562.0	485.0	600.0	705.0	700.0	660.0	3 150.0
Sea	779.7	183.0	193.0	191.0	166.0	167.0	900.0
Air	220.7	153.0	124.0	63.0	128.0	52.0	520.0
Total	8 922.4	2 891.0	3 147.0	3 359.0	3 619.0	3 724.0	16 740.0

(3) Measures

(a) An organisation will be established to consolidate, under one authority, such functions as regulating the general transportation policy and co-ordinating the general policy between the different transportation systems.

(i) A General Directorate of Highways and Traffic Control will be established to control traffic, issue drivers licences and to implement all duties in connection with higways transportation and vehicle security.

(ii) A General Directorate of Ports will be established under the Ministry of Transportation and Communication with the authority to implement duties pertaining to ports, excluding the building of ports.

(iii) An insurance system will be prepared to cover passengers, drivers, freight and transportation vehicles in every kind of transportation system.

(b) The operating conditions of the lines in service will be examined and decisions will be made on whether it will be of economic value to keep or abolish any of them and alternatives will be considered.

(c) The transportation problems of İstanbul, which has great bottlenecks, will be considered by the Ministry of Transportation and Communication together with responsible organisations in conformity with the city plan of İstanbul and long-term plans will be prepared.

(d) Conditions in connection with road transportation concerns will be improved. The establishment of companies, especially for freight transportation, will be encouraged.

(e) Projects will be made to organise city traffic - a great problem in large cities.

(f) The airport administrative services will be performed by one authority and in a more efficient way.

(g) Surveys will be made on air taxi services and the initiation of such facilities on routes where sufficient potential exists will be supported.

b. COMMUNICATION SYSTEM

(1) OBJECTIVES AND DEVELOPMENTS

(a) Objectives

(i) The Communication systems will be brought up to the level required by the developing economic activities.

(ii) Communication services will be handled by a single organisation, excluding exceptional circumstances.

(iii) Communication system facilities will be extended to serve more citizens and at lower cost.

(b) Development and Problems

During the First Plan period, there was sufficient capacity in the telegraph network and the present capacity is at a level to meet demand during the Second Plan period. However, the capacity of the telephone system was not brought up to an adequate level to meet demand. In the course of the First Plan period, investments to increase the capacity of this network were made. When all investments have been made, it will be possible to meet demand on a large scale. The impossibility of meeting the demand fully, because of the lack of adequate capacity, is leading to the establishment of wireless telephone networks by organisations other than the Post, Telephone and Telegraph Administration (PTT). Such systems are being installed at locations where the PTT network also exists and as a result the PTT loses income. On the other hand, PTT telephones and switchboards are of different types and makes. Although it has been possible to set up standard types for telephone and switchboards supplied by the PTT to subscribers, the same is out of the question for others. This causes great difficulty in the maintenance and repair of this equipment.

It has not been possible to provide PTT services for all settlement units.

(2) SECOND FIVE-YEAR DEVELOPMENT PLAN OBJECTIVES AND ESTIMATES

(a) Demand

Mail traffic estimates are shown in Table 380. An increase is expected in every basic division of mail traffic but the greatest rate of increase is expected in domestic and foreign mail. During the Second Plan period, manual labour which is time consuming will be replaced by machines, especially in large towns. Measures will be taken to ensure that mail reaches the receiving post offices in a shorter period of time. The lowest rate of increase is in the incoming foreign parcel post system and is caused by high custom duties, high tariffs and custom difficulties.

Telegraph and telex traffic estimates are given in Table 381. The low rate of increase in telegraph traffic is caused by the fact that the waiting time for long distance calls is getting shorter and there are more channels, and also because of the rapid increase in the number of telex subscribers.

Long distance and local telephone traffic is increasing rapidly and, as a result the existing capacity is becoming inadequate. Investment to increase this capacity is being made. The number of telephone subscribers is expected to rise from 282,000 at the end of the First Plan period to 472,000 with the addition of 190,000 subscribers, by the end of the Second Plan period. However, the total demand will still not be met by 1972. During this period the waiting time in long distance calls will be shortened to 10 minutes. Table 382 shows telephone traffic estimates, Table 383 the number of subscribers, Table 384 the demand by applicants and Table 385 the realisation of applicants demand.

TABLE 380 — Mail Traffic Estimates

(In Thousand)

Main Items	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Domestic Mail							
a. Mail (a)	287,342	458,761	12.4	527,575	895,132	195.1	14.1
b. Parcel Post (b)	1,594	1,909	4.7	2,004	2,400	125.7	4.7
c. Money Orders	6,071	7,584	5.6	8,000	9,900	130.5	5.5
2. Foreign							
a. Outgoing							
(1) Mail	23,544	44,622	17.1	51,316	89,200	199.9	14.8
(2) Parcel Post (b)	58	98	14.0	103	125	127.5	5.0
b. Incoming							
(1) Mail	21,201	41,827	18.4	43,400	53,100	126.9	5.2
(2) Parcel Post (b)	85	88	0.9	91	100	113.6	2.4
(3) Money Orders	1	550	. .	600	1,000	181.8	13.6

(a) Includes legal notifications

(b) Includes both valuable and non-valuable mail

TABLE 381 — Telegram and Telex Traffic Estimates

Main Items	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Domestic Telegrams (Thouand)	8,937	8,000	— 2.8	8,000	8,200	102.5	0.7
2. Foreign Telegrams							
a. Outgoing	449	490	2.2	520	600	122.4	3.7
b. Incoming	458	550	4.7	540	620	112.7	3.5
3. Telex Subscribers (Number)	170	450	27.6	485	1,072	238.2	22.0

TABLE 382 — Telephone Traffic Estimates

	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Local Calls (Thousand)	281,338	420,000	10.5	440,000	520,000	123.8	4.3
2. Long Distance Calls (Thousand)	15,301	24,000	28.3	25,000	35,000	145.8	8.8
3. Long Distance Cancelled (Thousand)	2,457	3,000	5.2	3,000	4,200	140.0	8.8
4. Long Distance Demand (2+3) (Thousand)	17,758	27,000	11.1	28,000	39,200	140.0	8.8
5. International Long-Distance Calls (Thousand Minutes)							
a. Outgoing	769	1,030	7.6	1,075	1,255	121.8	4.0
b. Incoming	526	700	7.4	730	850	121.4	3.9

TABLE 383 — Number of Telephone Subscribers

(Number)

Main Items	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Automatic Swithchboard Telephone Subscribers	159,410	220,000	8.4	245,000	400,000	181.8	13.0
2. Manual Switchboard Telephone Subscribers	40,041	62,000	11.6	65,000	72,000	116.1	2.5

TABLE 384 — Telephone Subscription Demand (Number of Applicants for New Telephones) (Number)

Main Items	1963 (1)	1967 (2)	First Plan Period Annual Increase % (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase % (7)
1. Automatic Switchboard	179,833	135,000	— 7.0	140,000	50,000	35.1	— 23.0
2. Manual Switchboard	5,531	4,500	— 5.0	4,000	—	0.0	. .

TABLE 385 — Realisation of Telephone Applicants Demand (Number)

Main Items	1963 (1)	1967 (2)	First Plan Period Annual Increase % (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase % (7)
1. Telephone Applicants							
a. Automatic Switchboard Applicants	179,833	195,000	— 7.0	140,000	50,000	37.5	— 22.8
b. Manual Switchboard Applicants	5,531	4,500	— 5.0	4,000	—	0.0	. .
c. Total	185,364	137,500	— 6.8	144,000	50,000	36.0	— 23.2
2. Number of Subscribers							
a. Automatic Switchboard Subscribers	159,410	220,000	8.4	245,000	400,000	181.8	13.0
b. Manual Switchboard Subseribers	40,041	62,000	11.6	65,000	72,000	116.0	2.6
c. Total	199,451	282,000	9.1	310,000	472,000	167.0	11.0
3. Total Demand (Items 1+2)	384,815	421,500	2.4	454,000	522,000	124.0	3.6

(b) Capacity

The most important bottleneck in the commonication services is caused by the inadequate telephone network capacity. During the First Plan period, investments to increase this capacity were considered and these studies will be continued during the Second Plan period. However, it is estimated that, despite the fact that demand will be met to a great extent by 1972, there will still be about 50,000 applicants for telephones, a drop from 139,500 at the end of 1967.

The number of PTT work-sites will continue to increase during the Second Plan period.

In telegraph installations an excess capacity exists due to the decrease in telegraph traffic.

Table 386 shows PTT units, Table 387 telegraph installations and Table 388 the telephone capacity.

(c) Investment

Communication investments is shown in Table 389.

TABLE 386 — PTT Work-Sites

Type of Work-Site	1963 (1)	1967 (2)	First Plan Period Annual Increase % (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase % (7)
1. Main Offices	833	853	0.7	865	900	105.5	1.0
2. Branches (a)	418	615	10.0	700	1,100	178.8	11.9
3. Agents	138	280	19.4	303	405	144.6	7.5
4. Postage Stamp Dealers	1,711	2,370	8.5	2,561	3,325	140.3	6.7
Total	**3,100**	**4,118**	**7.3**	**4,429**	**5,730**	**139.1**	**6.6**

Note : (a) Branches include certain main offices that work for PTT and temporary seasonal branches.

TABLE 387 — Telegraph Operational Installations

Main Items	1963 (1)	1967 (2)	First Plan Period Annual Increase % (3)	1968 (4)	1972 (5)	Index 1972 1967 = 100 (6)	Second Plan Period Annual Increase % (7)
1. Number of Work-Sites Connected to Telegraph Network	1,204	1,500	5.5	1,600	2,000	133.3	5.7
2. Number of Talex Work-Sites	44	74	12.3	78	87	117.6	2.8
3. Telegraph Carrier Channels							
a. Number of Channels							
(1) National	324	384	4.3	400	475	123.5	4.3
(2) NATO	376	486	6.7	518	671	133.0	6.7
b. Length of Channels							
(1) National (Km)	100,518	104,600	1.0	106,000	110,000	105.0	1.0
(2) NATO (Km)	102,745	136,400	7.4	147 000	195,000	143.0	7.4
4. Periodic Circuits (Km)	24,611	48,000	18.2	56,800	110,000	231.0	18.2
5. Single Iron Circuits (Km)	13,872	5,000	— 22.5	3,500	—	0.0	. .

TABLE 388 — Telephone Installation Capacity

(Number)

	1963	1967	First Plan Period Annual Increase %	1968	1972	Index 1972 1967 = 100	Second Plan Period Annual Increase %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Switchboards							
a. Automatic Switchboards							
1. Number of Switchboards	71	74	1.1	74	74	100.0	0.0
2. Total Circuit Capacity	163,700	225,200	8.3	280,000	440,000	195.4	11.9
3. Number of Subscriptions Working	159,410	220,000	8.4	245,000	400,000	181.8	13.0
b. Manual Switchboards							
1. Number of Switchboards	599	888	10.3	930	1,300	146.4	8.0
2. Total Circuit Capacity	60,002	71,200	4.4	74,000	80,000	112.4	2.0
3. Number of Subscribers	40,041	62,000	11.6	65,000	72,000	116.1	2.6
2. Network (Lead Cables)							
a. Work-Sites	95	250	27.4	320	840	336.0	27.3
b. Total Circuit Capacity	304,091	520,300	14.4	600,000	1,000,000	192.2	13.6
3. Total Automatic and Manual Switchboards							
a. Total Circuit Capacity	223,702	296,400	7.3	354,000	520,000	175.4	10.0
b. Circuits Working	199,451	282,000	9.1	310,000	472,000	167.4	11.0

TABLE 389 — Communication Investment

(Million TL)
(At 1965 Prices)

Communication	First Plan Period Total	1968	1969	1970	1971	1972	Second Plan Period Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Communication	573.2	165.0	175.0	190.0	205.0	225.0	960.0

(3) Measures

(a) The Bill governing the PTT General Directorate will include such subjects as implementing the duel tariff system in local calls lowering the number of free telephone subscribers, removing the right of attachment on telephones, which had been considered in the First Plan Period will be completed and submitted to the Grand National Assembly as soon as possible.

(b) Studies on other bills already initiated or to be initiated pertaining to communication service will be finalised and submitted to the Grand National Assembly for approval.

(c) Projects on authorising PTT to control and give licences for the installation of wire or wireless communication networks by private or public organisations and to impose annual charges on these installations except those which fall under private laws or decrees, will be finalised.

(d) Standards will be determined for the type of telephones and switchboards to be imported in exceptional cases, and the obligation of getting a certificate from the PTT General Directorate to the effect that they comply with given standards will be implemented.

(e) The system of using one telephone switchboard in large apartment or office buildings instead of separate telephones will be encouraged.

c. RADIO AND TELEVISION

(1) OBJECTIVES AND DEVELOPMENTS

(a) Objectives

(i) TV stations will be started in Turkey in the course of the Second Plan period.

(ii) The receiving of at least one national and one regional radio station will be made possible all over Turkey.

b. Developments and Problems

It was foreseen during the First Plan period that the receiving of at least one radio station, which is an effective means in securing national unity and education in each region of the country, should be realised.

In the course of the First Plan period, the low and inadequate transmitting power of the radio network was reinforced by installing new transmitters at various regions and a good receiving and broadcasting long and short-wave system. The new radio stations which will be installated are the Erzurum long-wave station and the Izmir, Mersin, Diyarbakır, Istanbul and Antalya medium-wave broadcasting stations.

The range of transmition of the Radio and TV Administration transmitters is 283,000 Km^2 for a population of 14,000,000. Thus, at present, 36.8 per cent of the whole country and 42.6 per cent of the total population is benefiting from radio facilities. When the radio stations foreseen for the First Plan period start transmitting, these rates will go up to 65 per cent and 71 per cent, respectively. Due to the fact that it has not been possible to install radio stations all over Turkey, the people have formed the habit of listening to foreign stations in some areas. This is especially true in the Eastern and Southeastern cities. In addition to nation-wide broadcasting by the Turkish Radio and TV Administration, there are some 50 low frequency radio stations. The broadcasting by these stations is not controlled by any official organisation.

At present there are about 2,500,000 radios which have been registered. However, estimates are that there are still some 1,500,000 radios which have not been registered and that there are 3,000 TV sets in Istanbul and around 4,000 in the Southern cities.

(2) SECOND FIVE-YEAR DEVELOPMENT PLAN INVESTMENTS

With the investments to be made, 78 per cent of the country and 86 per cent of the total population will receive broadcasts, and TV stations will be erected and operated.

(3) MEASURES

(a) The news sources for the radio stations in Turkey will be increased.

(b) Broadcasts for foreign countries, especially for workers abroad, will be brought up to adequate level.

(c) The necessary measures will be taken to stop citizens from using radios without registering them.

(d) Rules will be established whereby broadcasting by stations other than those of the Turkish Radio and TV Administration will be controlled by one organisation.

(e) Prior to installing the TV network, studies will be finalised on suitable locations, the needed capacity and development potential.

TABLE 390 — Existing Radio and Television Installations and Those Initiated During the First Plan Period

Name of Stations	Wave Length		Transmission Power	Coverage		Hours of Broadcasting Per Annum		Initial Date of Operation
	(m)	(kHz)	(Kw)	Thousand Km²	Thousand People	1967	1972	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ankara (LW)	1,648	182	240	193	8,192	6,540	—	1938 & 1959
Ankara (MW)	282.2	1,063	2	5	1,056	3,375	4,000	1961
Ankara (lst SW)	Various	Various	2	—	—	5,480	—	1938
Ankara (2nd SW)	Various	Various	100	—	—	4,380	—	1950
Istanbul (MW)	428	701	150	75	4,446	6,540	6,540	1949
Istanbul (2nd MW)	311.5	963	2	5	2,302	3,375	4,000	1961
Izmir (2nd MW)	290.4	1,033	2	5	832	4,000	4,000	1961
Adana (MW)	233.5	1,285	2	5	394	4,250	4,250	1962
Gaziantep (MW)	248	1,210	2	5	267	4,250	4,250	1962
Antalya (MW)	231.6	1,295	2	4	129	4,250	4,250	1962
Kars (MW)	257.5	1,165	2	5	139	4,250	4,250	1963
Van (MW)	254.7	1,178	2	7	92	4,250	4,250	1964
Erzurum (LW)	1,224	245	100	193	6,367	5,450	6,540	1967
Izmir (MW)	309	971	100	99	3,340	4,360	6,540	1967
Mersin (MW)	477	629	300	82	4,074	2,180	6,540	1967
Diyarbakır (MW)	283	1,061	300	43	1,037	—	6,540	1968
Ankara (SW)	—	Note : (2)	250	—	—	—	5,310	1968
Istanbul (MW)	295	1,016	1,000	151	9,078	—	6,540	1969
Antalya (SW)	—	Note : (2)	600	98	3,068	—	6,540	1969

(1) Erzurum SW (1 Kw), Diyarbakır SW (1 KW) and Iskenderun SW (1 Kw) radio stations will stop transmission when Erzurum LW (100 Kw), Diyarbakır MW (300 Kw) and Mersin MW (300 Kw) radio stations will start transmission.

(2) The final frequencies will be determined after frequency studies.

TABLE 391 — Radio and TV Investment

(Million TL)
(At 1965 Prices)

	First Plan Period Total	1968	1969	1970	1971	1972	Second Plan Period Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Radio - TV	132.8	40.0	50.0	60.0	70.0	80.0	300.0

TOURISM SECTOR

a. BASIC PRINCIPLES AND PROGRESSES

(1) PRINCIPLES

The basic principles of tourism policy for the Second Five-Year Development Plan period are as follows:

(a) Full use will be made of the economic, social and cultural functions of tourism.

(b) Income, especially from foreign tourism, will be increased by increasing the number of travellers and their average spending. Domestic tourism activities will be developed.

(c) Tourism industry investments will be concentrated in certain locations within areas with high tourism potential. Suitable lodging and transportation facilities will be provided for group travellers. Investments will be realized by supporting them with financial and legal measures in accordance with the physical plan.

(d) Price policy in the sector will be adjusted according to the state of international competition.

(e) The organisation activities in the sector will be reconsidered and a new direction will be given to tourist information and credit policy.

(f) The basic installations and the auxiliary facilities in the investment policy and model installations will be handled by the public sector and the other investments by the private sector.

(2) PROGRESS AND PROBLEMS

The basic principles of tourism policy for the First-Five Year Development Plan period were: to have investments for touristic installations made by the private sector and those for basic installations by the public sector; and to give priority to the requirements of the Marmara, the Eagean and the Antalya regions. Investing 1.4 per cent of the annual total investments in tourism sector was forseen for the First Plan period. However, in the annual programmes this rate was increased to an average of 2.04 per cent of total investments. 81 per cent of the investments were realised during the First-Five Year Development Plan period.

Although targets of the First Plan were generally realised, during the first three years, measures forseen for this period could not be taken on time due to deficiencies experienced in the implementation of the Plan. Likewise, while the estimated demand increase was realised (the number of foreign tourists in 1966 opproached the 1967 estimates), it was not possible to bring all incomes from foreign tourists into official channels. The additional capacity for meeting demand has not shown the required progress as far as quality and quantity were concerned.

As of this date, it has not been possible to ensure the co-ordination which is very much required between the public and the private tourist agencies. Tourist information is not of any commercial nature and is not carried out separately of poltical and cultural information. The organisation of the education and training activities in tourism sector required for the tourism credit policy was not fully realised, and also financial and legal measures to promote the trousist industry were not brought up to an efficient level.

(b) SECOND FIVE-YEAR DEVELOPMENT PLAN TARGETS AND ESTIMATES

(1) DEMAND AND PRODUCTION OBJECTIVES AND ESTIMATES

(a) Number of Travellers.

The estimated growth in the number of Turkish travellers during the Second Plan period are given in Table 392. These estimates show that an increase at a rate of 10 per cent is anticipated in the number of domestic tourists.

The same table gives estimates of the number of Turkish citizens travelling abroad. An annual increase of 10 per cent is estimated in passive foreign tourism activities.

The estimates for the number of foreign tourists visting Turkey during the Second Five-Year Development Plan period are given in Table 392. An annual increase of 25 per cent is expected in the number of tourists.

(b) Tourism Sector Income and Expenditure

In preparing the inland tourism income estimates, use was made of projections of the number of Turkish travellers, travelling in the country and of overnight facilities. It was accepted that these travellers would spend TL 40 per night during 1965 - 1969, and TL 50 during 1970 - 1972 periods.

TABLE 392 — Demand Estimates (Both Turkish and Foreign Tourists)

(In thousand)

	1963	1967 Estimates	First Plan Increase %	1968	1969	1970	1971	1972	Index 1972 1967 = 100	Second Plan Annual Increase (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Domestic Tourists (Internal Tourism)	860.0	1,260.0	10	1,400.0	1,530.0	1,680.0	1,850.0	2,000.0	159	10
Citizens Going Abroad (Passive External Tourism)	84.4	225.0	27.5	247.0	272.0	300.0	330.0	363.0	162	10
Foreign Tourists (Active External Tourism)	155.0	470.0	32.0	588.0	735.0	920.0	1,150.0	1,435.0	305	25
Total Demand for Domestic and Foreign Tourists	1,015.0	1,730.0	14.2	1,988.0	2,265.0	2,600.0	3,000.0	3,435.0	195	14.7

The income from foreign tourism is based on projections of the number of foreign travellers. It is assumed that one foreign tourist will spend average 8 days during 1965 - 1967, 9 days during 1968 - 1970 and 10 days during 1971 - 1972. It is also estimated that each tourist will spend appoximately $ 6 during 1965 - 1967, $ 8 during 1968 - 1969 and $ 9 during 1970 - 1972 per night.

Foreign tourism expenditures are based on projections of the number of Turkish travellers going out of the country.

Income and expenditure estimated for the inland and foreign tourism and net income estimates are shown in Table 393.

(2) INVESTMENTS

(a) Required Capacity

The lodging capacity of the facilities to be installed during the Second Five-Year Development Plan period was based on existing capacity, estimates of the number of foreign travellers to the country as well as on estimated developments. Calculations show that at the end of 1964 the number of beds available in the country for Turkish and foreign tourists were 41,878. The increase rate required in lodging capacity is based on the number of Turkish and foreign traveller per annum, and is given in Table 394. Table 395 gives bed requirements for individual years.

Table 396 shows capacity of lodging facilities according to their class and type. According to the projects made and tourism policy to be followed, 87 per cent of the investments for installations should be made in installations suitable for group travelling requirements (3-4 class hotels, motels, pansions, camping sites and vacation villages). It is also forseen that most of the new capacity should be accumulated at areas which have touristic riches.

TABLE 393 — Tourism Incomc and Expenditures

(Million TL and $)
(At 1965 Prices)

	1963 (1)	1967 Estimates (2)	First Plan Increase % (3)	1968 (4)	1969 (5)	1970 (6)	1971 (7)	1972 (8)	Index 1972 1967 = 100 (9)	Second Plan Annual Increase (%) (10)
Domestic Tourism Income (TL)	200.0	385.6	17.4	415.1	456.6	627.9	690.7	759.7	198	15.8
Foreign Tourism Expenditures (TL)	184.5	270.0	8.4	405.0	450.0	495.0	540.0	585.0	217	10.0
Foreign Tourism Expenditures ($)	20.5	30.0		45.0	50.0	55.0	60.0	65.0		
Foreign Tourism Income (TL)	69.3	216.0	34.0	405.0	495.0	693.0	990.0	1 215.0	540	32
Foreign Tourism Income ($)	7.7	24.0		45.0	55,0	77.0	110.0	135.0		
Total Tourism Income (TL)	269.3	601.6	23.0	820.1	951.6	1 320.9	1 680.7	1 974.7	323	24.5
Net Foreign Tourism Income (TL)	—115.2	—54.0	27.0	0	45.0	198.0	450.0	630.0	—	—
Net Foreign Tourism Income ($)	— 12.8	— 6.0		0	5.0	22.0	50.0	70.0		

TABLE 394 — Projections of Bed Requirement for Domestic and Foreign Tourists

Regions	Tourists Season (Days)	1968	1969	1970	1971	1972
	(1)	(2)	(3)	(4)	(5)	(6)
Mediterranean	210	12,101	40,680	51,091	61,199	73,798
Eagean	210	34,648	15.949	22,556	30,032	40,137
Marmara	210	7,069	9,904	14,792	18.996	28,742
Inter Anatolia	180	23,882	26,062	20,020	31,642	34,368
East Anatolia	180	1,893	3,267	2,894	3,559	4,421
Gaziantep	180	1,893	3,267	2,894	3,559	1,421
Eastern Black Sea	180	3,046	3,536	4,290	5.094	6,109
Total	—	**84,532**	**102,665**	**127.537**	**154,081**	**191,996**

TABLE 395 — Annual Bed Requirements

Year	Total Number of Beds	No. of Beds at the and of 1964	No. of Beds Required	No. of Beds the Beginning Of Season
	(1)	(2)	(3)	(4)
1968	84,532	41,878	42,654	42,654
1969	102,665	41,878	60,787	18,133
1970	127,537	41,878	85,659	24.872
1971	154 081	41,878	112,203	26,544
1972	191 996	41,878	150,118	37 915

TABLE 396 — Number of Beds According to Lodging Types and classes

	Hotels				Motels					
	Delux I. Class 3 %	II. Class 10 %	III. Class 15 %	IV. Class 15 %	1. Class 10 %	II. Class 10 %	Home Pansions 10 %	Camps 12 %	Others 15 %	Total 100 %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1968	1,279	4,265	6,398	6,398	4,265	4,265	4,265	5,121	6,398	42,654
1969	543	1,813	2,719	2,719	1,813	1,813	1,813	2,181	2,719	18,133
1970	746	2,487	3,730	3,730	2,487	2,487	2,487	2,988	3,730	24,872
1971	796	2.654	3,981	3,981	2,654	2,654	2,654	3,189	3,981	26,544
1972	1 077	3,791	1,387	5,387	3,791	3,791	3,791	5,513	5,387	37,915

(b) Investment Programme

Investments in tourism sector during the Second Five-Year Plan period are divided into three parts. These are: foundemental investments for tourism; complementory investments and also building of basic installations, local services and transportation expenses.

Tourism investments according to years are given in Table 397.

Tourism investments according to regions are given in Table 398

(3) POLITICAL MEASURES

During the Second Five-Year Plan period, the following political measures should be taken in order that investments foreseen for tourism sector can reach required level; and developments estimated can be ensured.

(a) Amendments necessary on current "Organisation Law" will be made for the reorganisation of the Ministry of Tourism and Information structure to deal with only the tourism sector.

(b) During the Second Five-Year Plan period touristic information on Tureky will be given only by the Ministry of Toursm and Information and by securing cooperation with other public organisations wehere such is required.

(c) To develop the tourism activities, importance will be given to social hygiene and food control, and with this object projects will be made for the installation of air conditioning system.

TABLE 397 — Tourism Sector Investment According to Years

(Million TL)
(At 1965 Prices)

Years	Installation Investments	Restaurant Investments	Intertainment Recreation Investments	Medical Tourism Investments	Historical Archeological Values Investments	Total
1968	540.0	100.0	25.0	15.0	36.0	716.0
1969	220.0	40.0	25.0	15.0	36.0	336.0
1970	310.0	58.0	25.0	15.0	36.0	444.0
1971	430.0	62.0	25.0	15.0	36.0	478.0
1972	460.0	90.0	25.0	15.0	36.0	626.0
5 Years Total	**1 870.0**	**350.0**	**125.0**	**75.0**	**180.0**	**2 600.0**

TABLE 398 — Complementary Expenditures for Tourism Sector Investments

(Million TL)
(At 1965 Prices)

Years	Training Investment and Expenditures	Information Expenditures	Infrastructure and Local Services Investments	Expenses for Commercial Services for Tourism	Total
1968	14.0	6.0	200.0	11.0	237.0
1969	20.0	9.0	200.0	13.0	236.0
1970	15.0	12.0	200.0	20.0	247.0
1971	17.0	16.0	200.0	25.0	258.0
1972	18.0	20.0	200.0	30.0	268.0
Total	**84.0**	**63.0**	**1 000.0**	**99.0**	**1 246.0**

Note : These investments are indirectly related to tourism sector or are current expenses and are included in investments in other sectors.

TABLE 399 — Investments in Tourism Sector According to Regions

(Million TL)
(A 1965 Prices)

Regions	1968	1969	1970	1971	1972	5 Year Total
	(1)	(2)	(3)	(4)	(5)	(6)
Marmara	200.0	75.0	100.0	75.0	150.0	600.0
Eagean	142.0	47.0	135.0	204.0	232.0	760.0
Mediterranean	300.0	170.0	170.0	160.0	200.0	1 000.0
Inter-Anatolia	30.0	20.0	15.0	15.0	20.0	100.0
East Anatolia	12.0	7.0	7.0	7.0	7.0	40.0
Gaziantep-Diyarbakır	12.0	7.0	7.0	7.0	7.0	40.0
Eastern-Black Sea	20.0	10.0	10.0	10.0	10.0	60.0
Total	**716.0**	**336.0**	**444.0**	**478.0**	**626.0**	**2 600.0**

(d) The "Tourism Installations Association" will be organized to operate touristic installations of public sector by one single authority and to follow up a uniform operational policy and or the same duties will be assigned to one of the existing organisations.

(e) Credits for tourism will be increased; an organization to work on only this subject will be set up; the responsibility for carrying out the credit policy of this sector will also be enforced by this organisation. Efforts will be made to implement different interest rates at regions of touristic priority.

(f) National Center for Tourism, Education and Training will be established to coordinate these duties which at present are handled by different public organisations.

(g) The physical plan of Turkey in accordance with tourism in Turkey will be completed as to include all regions of touristic importance as well as for the realisation of investments in accordance with this plan at the beginning of the Second Five-Year Plan period.

(h) Cooperation possibilities with other countries, especially with other Mediterranean countries in regard to material supply and tourist informtaion will be sought during the Second Five-Year Plan period.

(i) During the Second Five-Year Plan period, natural, historical and arcihological values in the country will be evaluated, monuments and art pieces will be protected, repaired and evaluated; and priority will be given to regions forseen in the Plan and also to those where touristic lodging facilities will be added.

(k) In preparing annual programmes, transportation and touristic activities will be considered separately.

(4) EFFECTS OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

(a) Effects on Balance of Payments

Estimated effects of foreign tourism incomes on Turkey's balance of payments is given in Table 393. According to estimates, the difference between income and expenses in travelling outside Turkey will continuously increase from 1968 onwards as to provide a net income; and its favourable effect on balance of payment in this sector will reach up to $ 70 M (TL 63 OM) during 1972.

(b) Effects on Employment

The tourism programme to be implemented during the Second Five-Year Plan period is estimated to increase employment level on a large scale due to the fact that in this sector there are limitet possibilities of automotion. Likewise, it is estimated that during the 1968 - 1972 period, part-time employment capacity in tourism sector will be 40 M people and full time will be 15 T per day.

TABLE 400 — Income Estimates-Tourism Sector

(Million TL)
(1965 Prices)

	Income		
	Domestic Tourism	Foreign Tourism	Total
	(1)	(2)	(3)
1968	415	405	820
1969	457	495	952
1970	628	693	1 321
1971	690	990	1 680
1972	760	1 215	1 975
1968 - 1972 Total	**2 950**	**3 798**	**6 748**

OTHER SERVICE SECTORS

a. FINANCIAL ORGANISATIONS

According to developing and changing conditions during the Second Plan period, the success of financial organisations with regard to the increasing and or decreasing consumption potentials of the economy, the creation of operational and investment funds required for industry and the channeling of these funds to investors and entrepreneurs, will favourably affect realisation of the Plan objectives.

(1) OBJECTIVE AND DEVELOPMENTS

(a) The activities of financial organisations in connection with generating funds required for industry and their collection and distribution among investors and entrepreneurs, will be carried out as integrated and coordinated activities.

(b) Fund generating financial organisations will operate within the limits of the general monetary and credit policies.

(c) In having the private and public sectors use the existing and increasing means of the financial organisations not generating funds and of the semi-financial organisations, the objective will be to realise the Plan targets.

(d) It will be ensured that the existing financial organisations are reorganised with greater speed.

(2) DEVELOPMENTS AND PROBLEMS

(a) Fund Generating Organisations

(i) Banks

During recent years important developments have been observed in the Turkish banking system toward integrating small banks into large ones.

Experience has shown that since Turkish banking is supported almost solely by deposits, new credit organisations cannot be established with the limited funds available. In addition, developments cannot be achieved in the credit system by establishing new organisations because the rate of increase of funds is limited. Taking into consideration the above mentioned factors, and fixed and personnel expenditures, expansion in the banking system is viewed with favour. On the other hand, measures must be taken to prevent this activity from developing in a monopolistic direction.

(ii) The Central Bank

Relations between the Central Bank and the public sector are developing more rapidly than those with the private sector, thus reducing the possibility of the Central Bank exercising a favourable effect on the banking system.

The Central Bank has to follow a more determined credit policy to ensure development of the credit capacity in accordance with economic activity and to distribute credits among sectors according to the requirements of economic development.

(iii) Bank Credits Adjustment Committee

Although the Bank Credits Adjustment Committee has extensive authority to control the volume and quality of credits, it fails to exercise this authority at the required time and in a satisfactory manner.

The Committee must bring its operational and organisational system up to date and must increase its technical capacity.

(iv) Office of Bank Auditors Under Oath

The implementation of the Banks Law and the provisions of other laws relating to banks, is audited by Bank Auditors Under Oath under the Ministry of Finance.

However, implementation has shown that this controlling system has not led to measures being taken before hand to prevent deficiencies.

(v) The Bank Association

The object of the Bank Association of which all banks operating in Turkey must be a member in accordance with Banking Law No. 7129, is to help improve the banking system, to provide mutual support among banks and to take and implement measures to prevent unjustified competition.

The Association has not been able to operate in a manner that will affect favourably the development of the banking system, and has limited its activities to the issuance of some professional publications.

(b) Financial Organisations Not Generating Funds

(i) Investment and Development Banks

At the beginning of the planned period, emphasis was put on investment banks and provisions added to the Banking Law brought forth new stipulations in regard to the establishment and operation of development and investment banks. The opening of the private investment bank on which emphasis was put, was not realised during the First Plan period. The most important reason for this was the difficulty experienced in securing the required funds. Studies have shown that as long as full advantage cannot be taken from a continuously increasing source of funds such as deposits, this type of organisation will not be successful with only limited funds.

The State Investment Bank, founded in 1964, finances only that portion of the approved investments of the State Economic Enterprises which cannot be met, either through their own or through any other resources.

(ii) Insurance System

There has been a continuous increase in the number of Turkish and foreign insurance companies in Turkey during recent years.

Turkish insurance companies that have started operating have, in general, done so as a result of the initiative of credit organisations. Banks prefer to be affiliated with an insurance company in which they hold the majority of the capital stock.

The increase in the number of insurance companies has very little influence on increasing the existing insurance portfolio, which is already scarce, but mainly results in the portfolio's break up and the passing of some of the insurance policies from one concern to another. The insurance liability is increased with the division of the portfolio.

While the direct premiums on fire insurance - the most extensive type of insurance and the area where the rate of damage is high - and on accident insurance - which is compulsory according to various laws - are increasing, a slowdown is apparent in life insurance which is important in so far as fund cretion and social causes are concerned.

The most important reason for the inactivity of the life insurance branch in Turkey is that the individual has to pay a high premium but does not know what the value of the capital will be in the long run.

(c) Financial Service Organisations

The only financial service organisation operating in Turkey is the movables and stock exchange.

On a small-scale banks also handle financial services such as acting as inter mediaries in buying and selling stocks and shares. The movables and stock exchange, established in 1929, is in Istanbul. Activity at the Stock Exchange concerning shares did not increase extensively.

(3) MEASURES

(a) Fund Generating Financial Organisations

(i) Banks

Increasing the number of banks will not be encouraged but measures will be sought to provide for the merger of smaller banks to form stronger organisations. Due to the fact that Banking is based on a mixed system in Turkey, that the most important resources for banks is deposits and considering the deposit conditions, the establishment of specialised banks with limited funds will be discouraged.

Amendments to the Bank Law will be made in due course and in accordance with economic development requirements as well as changes caused by implementation of the previous Plan.

(ii) Central Bank

In accordance with the requirements of the economy, a balance will be maintained in the volume and the flow of advance payments and credits from the Central Bank to public and private sectors.

The Central Bank will act as advisor in control of the banking system,

(iii) Bank Credits Adjustment Committee

The Bank Credits Adjustment Committee will be reorganised to operate as a highly professional organisation on banking and credit matters with power to follow-up the fundamental banking and credit policies.

(iv) Office of Bank Auditors under Oath

Assistance and guidance will be given to banks whose financial condition is in jeopardy and emphasis will be placed on the control of the system and the organisation of banks.

(v) The Bank Association

The Bank Association will be reorganised to make continuous surveys on the problems and progress of the banking system. It will also handle professional training problems within the system and will prepare and carry out training programmes.

(b) Banks Not Generating Funds

(i) Investment and Development Bank

The resources of investment and development banks will be increased, the establishment of new banks will not be encouraged unless resources of continuously increasing nature are found and the opening of branches of the existing investment and development banks throughout the country will be made possible. A Private Sector Investment Bank with adequate resources will be established to help the sector reach Plan targets.

(ii) Insurance System

As the increase in the number of insurance companies is causing the same portfolio to be continuously broken down into smaller units, the establishment of new insurance companies and the issuance of operating licences to foreign insurance companies will not be encouraged and the means for merger will be provided to insurance companies.

At present, the high rate of profit is hindering merger among insurance companies. Although the initial portfolio is divided into portions with very low profit, the share of profit that each company gets from their portion is sufficiently profitable in the long-run and, therefore, the companies are not making any effort to increase their portfolios.

Because of this, neither the fees nor the administrative charges will be increased unless urgently required.

Measures will be taken so that the activities of banks in the insurance field do not hinder the development of companies whose line is solely insurance.

Reinsurance monopoly will be continued but the present monopoly system will be revised and a new reinsurance organisation will be formed.

Measures will be taken to prevent insurance companies from operating on low capital.

An institute will be set up to handle the reinsurance monopoly operations of the State, and will be organised under a special law. Insurance companies will also participate in the administration of this institute and will share in the profit, and public sector representatives will have authority in the administration.

The quota agreements will be continued to permit the reinsurance monopoly system to carry out its regulating and controlling duties pertaining to the insurance industry.

The insurance companies will be encouraged to organise reserve pools.

The insurance auditing system will be reviewed and simplified, in the first stage by assigning the duty of control to the Reinsurance Companies Association, thus making it possible for the industry to control itself. In the second stage the responsibility of control will be assigned to the Ministry of Commerce.

Work on improvement of the "internal funds" system applied to public organisations will be started.

Funds created by life insurance will be increased and will be used for financing its progress.

The agricultural insurance policy will be developed with the help of the publics.

(iii) Work will be initiated to establish savings funds and postal savings funds to bring small personal savings into profitable use.

(c) Financial Service Associations

Projects will be started for the establishment and development of movables and stock exchanges in large cities.

(b) Public Services

This section includes services such as the supply of drinking water for cities and villages, administrative buildings, municipality services, map register and cadastre, and town planning.

(1) SUPPLY OF DRINKING WATER

(a) Basic Principles

(i) The municipalities will be strengthened so as to finance their requirements.

(ii) The public will be encouraged to participate in the investments for the supply of drinking water to villages

(iii) Types of equipment manufactured will be standardised and drinking water facilities will be operated through modern administrative criteria.

(b) Progress and Problems

As a result of urbanisation in Turkey, a rapid increase is noted in city drinking water requirements. The increase in demand for more investment as a result of the above has accelerated loan demands from the İller Bank because of the insufficient income of municipalities. On the other hand, despite the emigration to cities the number of villages has not decreased and their drinking water requirements have increased. As a result, it is difficult to solve the problem because the increase in the income of municipalities is not proportional to the increase in the rate of demand, standards have not been established for the domestic manufacture of equipment and drinking water facilities lack modern installation criteria.

(c) Second Five-Year Development Plan Targets and Estimates

(i) Demand Estimates

At present, hygienic and clean drinking water facilities should be supplied to 19,437 districts and villages with inadequate facilities and to 22,362 with no supply of drinking water whatsoever. These facilities will supply 7,874,954 individuals (96.7 per cent of town population).

(ii) Investments

Investments foreseen in the Second Plan for the supply of drinking water to towns, districts and rural areas are given in Table 403.

TABLE 401 — City Drinking Water Supply

(Thousand TL)

	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	Total (6)
Investment to be Made	350,000	350,000	350,000	350,000	350,000	1,750,000
Number of Municipalities to be Supplied with Drinking Water	115	115	115	115	115	575

TABLE 402 — Village Drinking Water Supply

(Thousand TL)

	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	Total (6)
Investment to be Made	200,000	200,000	200,000	200,000	200,000	1,000,000
Number of Villages to be Supplied With Drinking Water	2,500	2,500	2,500	2,500	2,500	12,500

Study of the tables shows that 575 locations having the the size of a city will be supplied with drinking water during the Second Plan period. The amount of investment required for this programme is TL 1,750 million and 12,500 villages are to be supplied with drinking water during the same period. Thus, in 1972 the number of villages with drinking water facilities will reach 35,978 and the ratio of villages without any drinking water supply to the total number of villages will fall to 20 per cent. The amount of investment required for the installation of drinking water facilities in rural areas is TL 1 billion during the Second Plan period. All villages without drinking water will be supplied with it by 1982.

TABLE 403 — Investments for Drinking Water During the Second Five-Year Development Plan Period

(Million TL)
(At 1965 Prices)

Resources	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	Total (6)
Iller Bank	200	200	200	200	200	1 000
Ministry of Village Affairs	200	200	200	200	200	1 000
For Cities Over 100,000	150	150	150	150	150	750
Total	**550**	**550**	**550**	**550**	**550**	**2 750**

(iii) Measures

The necessary measures will be taken by the Turkish Institute of Standards for the production and importation of the equipment used for this sector in accordance with accepted standards.

Priority will be given to measures for the application of modern administrative criteria in large-scale city drinking water installations and graduated fees will be used when such are required.

c. ADMINISTRATIVE BUILDINGS AND GENERAL ADMINISTRATION

(1) BASIC PRINCIPLES AND PROGRESS

The cost and physical standards to aid in the success of investments and to meet investment requirements will be handled through a central organisation.

(2) PROGRESS AND PROBLEMS

As a result of rapid urbanisation, existing cities are expanding and new ones are being established. Consequently, public services are progressing continuously as far as the units reached by such services are concerned. This leads to an increased demand for administrative buildings and general administration investments.

(3) SECOND FIVE-YEAR DEVELOPMENT PLAN TARGETS AND ESTIMATES

Investments foreseen for the Second Plan in connection with the construction of administrative buildings and general administration are given in Table 404.

(4) MEASURES

(i) The field units of Ministries will operate in government administration buildings and separate buildings will not be erected for them. Therefore, draft projects will be prepared with economic and financial standards according to the requirements of organisations.

The fact that cost and physical standards to meet requirements most profitably with a minimum amount of investment have not yet been devised and that each organisation is requesting a separate building, is decreasing the efficiency of investments.

TABLE 404 — Second Five-Year Development Plan Period Administrative Building and General Management Investment

(Thousand TL)
(At 1965 Prices)

Investment Fields	1968 (1)	1969 (2)	1970 (3)	1971 (4)	1972 (5)	Total (6)
Investments for Ministerial and General Directorate Buildings in Ankara	15,000	15,000	15,000	15,000	15,000	75,000
Court Buildings	5,000	5,000	5,000	5,000	5,000	25,00
Prison Buildings	5,000	5,000	5,000	5,000	5,000	25,00
Domestic Buildings Projects of the Ministry of Foreign Affairs	2,000	2,000	2,000	2,000	2,000	10,000
Government Buildings	12,000	12,000	12,000	12,000	12,000	60,000
General Management Buildings	35,000	35,000	35,000	35,000	35,000	175,000
Total	**74,000**	**74,000**	**74,000**	**74,000**	**74,000**	**370,000**

(ii) Projects will be prepared for provincial government buildings. According to physical and economic standards.

(iii) Projets will be prepared for courts in towns and in provincial districts where criminal courts exist, according to physical and economic standards.

(iv) A basic project system devised to meet future requirements will be implemented in the preparation of construction projects and in finding the site for such construction.

(v) Emphasis will be placed on the maintenance of administrative buildings and administrative units will be established to ensure that such work is carried out satisfactorily.

(d) MUNICIPAL SERVICES

1. BASIC PRINCIPLES AND PROGRESS

(a) Basic Principles

(i) Income sources of municipalities will be brought up to current requriments.

(ii) Compulsory and optional job distribution will be reviewed.

(b) PROGRESS AND PROBLEMS

Urbanisation and its result, the gecekondu (squatter-houses), have made the already inadequate financing sources of municipalities even more inadequate. The fact that income sources are increasing less rapidly than requirements has placed municipalities in a position in which they are unable to carry out their responsibilities. Furthermore, because the duties of municipalities under Law No. 1580 do not comply to present day conditions, the municipalities are experiencing problems difficult to solve.

(2) SECOND FIVE-YEAR DEVELOPMENT PLAN TARGETS AND ESTIMATES

(a) Investments

Investment in fire departments, sevage systems and other services are given in Table 405.

TABLE 405 — Second Five-Year Development Plan Period Investment

(At 1965 Prices)
(Million TL)

Years	**Fire Dept.**	**Sewage System and Other Services**	**Total**
	(1)	**(2)**	**(3)**
1968	10	110	120
1969	15	124	139
1970	20	140	160
1971	25	156	181
1972	30	170	200
Total	**100**	**700**	**800**

(b) **Measures**

(i) In general, funds that municipalities can use for planned and long-term projects are inadequate. The necessity of collecting reasonable municipal servis fees, including those for sewage system services in given areas, on an objective basis from beneficieries, must be accepted. The public will be encouraged to participate voluntarily in such services.

(ii) Emphasis will be placed on taking measures to lower costs for the standardisation of installations and equipment for this type of service.

e. CITY PLANNING

(1) PRINCIPLES AND PROGRESS

(a) Basic Principles

Emphasis will be placed on city planning for solving the problems pertaining to industrialisation and urbanisation and priority will be given to the immediate preparation of city plans for those cities with high potential.

(b) Progress and Problems

The increase in urban population and in the number of cities has increased the demand for city planning in Turkey. Moreover, the increase in demand for plans for new cities and for renewing or expanding the existing plans have increased the total demand in this regard.

(2) SECOND FIVE-YEAR DEVELOPMENT PLAN TARGETS AND ESTIMATES

(a) Investment

Investment for city planning during the Second Plan period is given in Table 406.

TABLE 406 — Second Five-Year Development Plan Period City Planning Investment

(Thousand TL)

Years	Amount of Investment
1968	6,000
1969	6,000
1970	6,000
1971	6,000
1972	6,000
Total	30,000

(b) Measures

(i) Plans for standard urban units will be established as a basis for the preparation of different types of city plans.

(ii) City planning will be co-ordinated closely with regional planning.

(iii) City planning will be co-ordinated with the planning of neighboring sites.

(iv) At the time of selling, taxes will be levied on lots whose value has increased as a result of city planning and the owners will participate in the basic construction and public services expenses.

(v) Surveys will be made for the evaluation of urbanisation and industrialisation according to city planning and the selection of towns where city planning will be used will be made according to flexible criteria and on inventory and statistics.

(vi) Responsible organisations will prepare in-service training programmes and will allow their personnel to attend classes at universities.

f. MAPPING AND CADASTRE-REGISTER

(1) BASIC PRINCIPLES AND PROGRESS

a. Principles

To obtain the required results from measures to be taken in connection with agricultural reform and to have farm owners adopt and support such measures, it is first required that the registration of land be definitively determined legally. To ensure this during the Second Plan period emphasis will be put on cadastre and the rapid implementation of cadastre- registration work. The objective will be to complete such work within 20 years.

(b) Progress and Problems

Due to the fact that conditions of land ownership have not yet been established in Turkey, bottlenecks are experienced in different sectors during the implementation of the Plan. This also causes losses on land taxes, inheritance and succession taxes, as well as on the taxes, dues and fees collectable from the sale of land. Furthermore, the fact that land ownership lack legal support is causing incidents of law violation throughout Turkey.

(c) Second Five-Year Development Plan Targets and Estimates

Investments amounting to TL 400 million are foreseen for the Second Plan period for the mapping of Turkey which is to be completed within a period of 20 years.

TABLE 407 — Mapping and Cadastre Registration Investments for the Second Five-Year Development Plan Period

(Million TL)
(At 1965 Prices)

Years	Amount of Investment
1968	80
1969	80
1970	80
1971	80
1972	80
Total	400

Objectives to be reached with the realisation of the above investment are given in Table 408.

TABLE 408 — Cadastre Investment

Objectives	Unit	Amount
Topogarphic Map (1/5000 Scale)	Km²	90,000
Register (Land Cadastre)	Km²	80,000
Town Cadastre	Lot	600,000
Topographic-town Maps	Number	400

(d) Measures

(1) Studies will be made on the possibility of establishing an adequate number of independent register courts for realestate to quickly finalise disputes in areas where lang registration has not been realised.

(2) Priority will be given to meeting the current expenditures required by investment expenditure and an equilibrium will be ensured within current and investment expenditures.

(3) The electronic computing machine system will be brought up to a level to meet the requirements of the sector.

(4) The timing and systematisation of basic principles, technical regulations, by-laws and specifications, as well as statistics and inventories relating to the subject, will be standardised.

(5) The personnel performing field work will first be assigned to registration, then to cadastre and thirdly to technical registration duties in order to lower the rate of personnel turnover and to increase the rate of professionalisation.

(6) Legislation pertanining to registration, cadastre and mapping services will be reviewed to provide for their more rapid implementation within the structure of organisations.

SECTION XI

IMPLEMENTATION SYSTEM OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

1. SECOND FIVE-YEAR PLAN - ANNUAL IMPLEMENTATION PROGRAMMES

The Second Five-Year Development Plan, which includes long-term targets for the economy and social structure of Turkey, is a general document that describes, within a limited frame-work, targets such as development rates in general or in the sectors' investment volumes, the distribution of resources among alternative fields of activity, export and import estimates and the public income expenditure to reach these targets.

The Plan requires the preparation of annual programmes to cover shorter periods and changing economic and social conditions; avoid possible bottlenecks; evaluate new developments; eliminate uncertainties and vague points in the social and economic system; and to avoid delays in the implementation of the Plan. At the same time, to implement the Plan instructions which only give general progress and targets, it is necessary to allocate resources and to develop certain detailed measures which cannot be explained in the Plan.

The system of preparing annual programmes which was initiated during the First Plan period, will also be continued during the Second Plan period. Thus, with the annual programmes it will be possible to correct initial estimates, to eliminate errors in estimates and to make the necessary revisions to reach the Plan targets. The annual programmes will be prepared by looking at future years from the same angle annually rather than by dividing the Plan into years. The basic principles to be considered in preparing the annual programmes are as follows.

1. To realise the social and economic targets of the Plan, in particular to increase GNP by 40.3 per cent within five years.

2. In calculating the general investment level, it will be assumed that GNP will increase 7 per cent per year, and that the investment-GNP rate given in the Plan will be applied to the level thus calculated. In cases where the rate of increase of GNP is estimated at ower 7 per cent per year, the investment level will be established according to the GNP estimates.

3. The general progress objectives foreseen in the Plan will be the basis for the distribution of investment among sectors. However, in the distribution of investment between annual programmes and different sectors, the necessary revisions will be made to avoid deficiencies that may result from implementation of the Plan and to evaluate new investment possibilities.

4. The distribution of investment between the public and private sectors foreseen in the Plan will be made in such away as to avoid restricting characteristics. Changes can be made in both directions and in accordance with changing conditions, within the framework of the criteria given in the "mixed economy policy" section.

5. If the income targets are not realised in the public sector, investment will not be decreased, but the necessary equilibrium will be achieved from current expenditure. If income objectives are exceeded, in the use of surplus income, priority will be given to investment expenditure. If tihs is required, such surplus resources may be transferred to the private sector for investment purposes, within the framework rules of the mixed economy system. In making allocations, consideration will be given to not hindering the development and financing equilibrium of the sector for future years.

2. IMPLEMENTATION OF ANNUAL PRORAMMES

a. COMMUNICATION SYSTEM

The preparation of plans and annual programmes in a realistic manner, an effective implementation and the most profitable selections by making correct decisions, depend largely on the work and organisation of the whole goverment structure in the preparation and implementation of the plan according to need.

Planned development requires a special system for the flow of information and instructions between decision making units. This requires that communication facilities be brought up to an effectively operating position without increasing the bureaucratic structure.

During the Second Plan period, studies will be made on regulating relations and communication channels between the State Planning Organisation and decision making units of the economy, especially when they concern the method of implementing the general economic policy.

Within the framework of the basic principles and targets of the Plan, ministries responsible for major progress in sectors will be provided with the technical power to enable them to undertake short and long-term research projects consistent with the Plan, to develop their ideas on projects, to follow closely the implementation of the annual programmes. The flow of communication between these ministries and the State Planning Organisation will be regulated.

In making these studies the basic rule will be that the flow of information and instruction between the State Planning Organisation and the executive units at the lowest levels will not increase the existing bureaucracy. Relations between the State Planning Organisation and the private sector, which is playing an increasingly important role in the general economy and social development, will also be regulated. The State Planning Organisation will not assist the private sector only by preparing the plans and annual programmes, but also by more individual studies and by transfering the knowledge about the direction and investment opportunities of the expected development to the private sector. With this objective more contacts will be made between the State Planning Organisation and the private sector.

3. METHOD OF IMPLEMENTATION OF THE PROGRAMMES

Following are the basic principles and measures concerning the preparation and implementation of the annual programmes within the framework of the general outline of the communication system given above.

PROJECTS

a. Public enterprises will be free to make decisions and prepare work programmes within the existing legislation on production and cost, in accordance with the estimated market conditions, and will submit quarterly reports to the responsible ministries and the State Planning Organisation on the status of implementation of the annual programmes.

b. All of the investment projects of the public sector, except these for local administrations, will be forwarded to the State Planning Organisation. Moreover, all local administrations will give information to the State Planning Organisation on their investments in major sectors. In cases where the transfer of investment resources from the general budget to local administrations and the allocation of foreign exchange are required, the State Planning Organisation will be consulted.

c. Communications between the private sector and the State Planning Organisation will be systematised and extended.

d. The work of the public sector that requires special research will be put into projects and will be included in investments when such is considered suitable.

e. The State Planning Organisation will improve its project ideas on subjects it considers helpful for development and will submit these ideas to the public and private sectors.

f. In order that private enterprise projects can be supported in accordance with the rules of mixed economy, especially in the manufacturing industry, private enterprise projects that are greater than those given will be examined by the State Planning Organisation so that they can be ready for consideration during preparation of the annual programme. In accordance with the Plan objectives, these projects will benefit from encouragement measures and preference will be given in meeting their foreign exchange demand.

ORGANISATION OF INVESTMENT ACTIVITIES

Investment activities of all investing organitations will be regulated effectively and will be developed as follows:

a. Investment implementing organisations will not be allowed to expand when such is not required. An attempt will be made to reduce the number of regional managements which are causing an increase in current expenditures. In cases where an investment project does not require continuous work in a certain region, preference will be given to special porject groups rather than to the establishment of a regional administration. In addition, in cases where small projects can be directed from one city. new regional administrations will not be established.

b. Consultations with Turkish and foreign advisory firms will be resorted to in implementing and controlling large-scale projects.

c. Locations for large projects will be selected by responsible organisation together with the State Planning Organisation and the final deolsion will be made by the High Planning Council.

d. In research and investment projects that affect the economy as a whole, and/or more than one ministry inter-ministrial co-ordination will be handled by the State Planning Organisation.

e. It is stipulated that investment programmes be carefully prepared by responsible ministries and that a minimum number of changes be made in the course of the year.

f. Goverment construction agencies that do not work efficiently will be liquidated and additional agencies similar to those now in operation will not be established.

ECONOMIC AND FINANCIAL MEASURES

To reach the objectives of the plans and annual programmes. careful implementation and improved measures and policies are necessary. The following points should be kept in mind in this regard.

a. Measures will be few, distinct and specific. Measures that have not been described thoroughly or those that are only a general desire and whose realisation principles have not been described, will not be included in the annual programmes. Measures that require important and different activities and decisions, and those that have to be supported by surveys will be united in one project. Financial resources will be provided when such is required.

b. Measures with the above characteristics will be implemented with great speed. Each responsible organisation will submit separate quarterly detailed reports on the status of implementation of these measures and investments to the State Planning Organisation.

c. Important bills relating to economic and social policy will first be submitted to the High Planning Committee and then to the Cabinet.

FOREIGN TRADE

a. Co-ordination bottlenecks exist that hinder foreign trade, especially exports, tourist trade and the increase of income from Turkish workers working abroad. The State Planning Organisation will be given more effective authority to avoid this situation.

b. In preparing investment quotas, a special one will be allocated to projects above a specific capacity. The foreign exchange to be gained from such quotas will not be used for private or public investments. It will be used to meet the foreign exchange demand of projects of the public and private sectors in accordance with the rules of mixed economy. The State Planning Organisation will be consulted when making allocations from this quota.

c. Investment projects that will be financed from foreing loans will be selected on the basis of their profitability and usefullness to the economy rather than on the basis of their realisation by the public or private sector. The State Planning Organisation will decide which private or public sector project should be given preference in foreign financing after such projects have been submitted to them every year in June.

DEVELOPMENT FUND

A development fund will be established in the investment expenditure division of the State Planning Organisation for the most effective regulation of economic, especially industrial, research and development, as well as to follow-up the latest technical developments Rules for the use of this fund will be given in the annual programmes.

FINANCING AND THE FINANCIAL SITUATION

a. Close relations and co-operation will be ensured between the State Planning Organisation and the Ministries of Finance and Commerce and the Central Bank.

b. The Ministry of Finance will report the financial situation, by estimates on national income and expenditure, in connection with the general and annexed budgets to the State Planning Organisation. Reductions in new allocations and/or expenditures will be based on these estimates.

c. In additon to the investment projects of State Economic Enterprises, their resource generating ability will also be followed up through the submission of quarterly reports to responsible ministries and the State Planning Organisation.

d. All public organisations, including State Economic Enterprises, will make studies on the labour productivity of their present staff to reduce their current expenditures and to eliminate surplus manpower. They will also establish a long-term personnel policy with the criteria explained in the Manpower section of the Second Plan.

e. The separate procedures followed by the responsible ministries and the State Plannig Organisation in connection with investment projects, and which cause delays in implementation, will be reviewed to eilminate such delays.

f. All important questions relating to economic and social development will be presented to the Cabinet through the High Planning Council after they have been reviewed by the State Planning Organisation.

STATISTICS

In a planned economy system it is very important to have adequate and reliable statistics available. When this is not true, it is not possible to reach the estimated targets in the Plan and the planned economy system.

The State Statistical Institute and other statistics collecting organisations must first take into consideration the requirements of the State Planning Organisation.

During the First Plan period, it was not possible to finalise studies on national income, national accounting and the price, investment and production indices required for the Plan and annual programmes. Therefore, during the Second Plan period, an improvement with regard to statistics is a must. To achieve this, co-operation between the State Planning Organisation and the State Statistical Institute will be increased and it will be ensured that the State Statistical Institute gives priority to preparation of the statistics required by the State Planning Organisation. With this objective, the annual programmes will show the series of statistics necessary for the particular year and the State Statistical Institute will adjust their work accordingly. It is necessary that during the Second Plan period statistical work should be concentrated on the following subjects and in co-operation with the State Planning Organisation.

NATIONAL INCOME AND NATIONAL ACCOUNTING

a. It is mandatory that the national income series, which has been worked out in two different series, should be united because of the complications that this is causing both in Turkey and abroad.

Obtaining one single national income series is the first stage of the work to be done in this field. The second stage is to establish immediately a national accounting system similar to those already established by the OECD countries, in particular. These calculations are necessary for planning. With the establishment of a national accounting system, national income will be calculated on an income and expenditure basis in addition to the calculations based only on production criteria, as is presently done.

INVESTMENT CALCULATION

b. In Turkey there are also two investment series as there are two national income series. It is mandatory that these two investment series should also be combined immediately. In addition, the procedure for securing information in time in connection with private sector investment must be improved.

PRODUCTION INDICES

c. Production indices will be prepared for the agricultural and industrial sectors by taking the production of one of the past years as a basis.

PRICE INDICES

d. The existing indices in Turkey are inadequate as far as the information they include and their method of calculation is concered. As long as no studies are made on new price indices it will be imposible to follow-up developments in general price levels in a sound way. Therefore, price indices will be calculated according to their subject and with new methods. In addition, it is necessary that deflation indices be prepared. In order that the surpluses can be checked, they should be corrected according to specific deflators. However, indices of this type do not exist in Turkey.

Therefore, the following indices will be prepared during the Second Plan period.

- Import goods price index
- Export goods price index
- Deflationary factors in investment prices
- Deflationary factors in public expenditure and public income

STATISTICS ON STOCKS AND CAPACITY

e. Data pertaninig to stocks and capacity does not exist in Turkey. Therefore, it is not possible to examine stock changes. The lack of information on capacity is causing a lack of confidence in investing Consequently, statistics on stocks and capacity will be prepared.

WORK ON REORGANISATION

In initiating the First Five-Year Development Plan the problem arose of organisations which had emerged as a result of changes made in central managements, including their field organisations and local administrations, which had been taken over from the Ottoman Empire. Likewise, as far as State Economic Enterprises are concerned, the question of their reorganisation was determined in the decade of 1930 when their operating systems were also studied. The changes which had taken place in the nature and the field of goverment services during the past years, and the fact that the full success of planned development depended on public enterprises giving what is expected of them, demanded long-term and solid reorganisation systems and measures in connection with central management, field organisations and State Economic Enterprises.

BASIC PRINCIPLES

Work will be effected to reorganise the central administrations of Ministries acording to function to avoid the unlimited expansion of management units and to reorganise central organisations, and laws will be passed to ensure the distribution of duties and responsibilities among management levels in the most suitable way. New regional managements will not be organised before the real demand has been determined in accordance with objective and scientific criteria.

To ensure efficient financial and administrative control, to stop the wast of resources and also to facilitate the implementation of a suitable employment policy, the establishment of public institutions with different legal status will be avoided.

To ensure the contribution of local administrations to economic and social development efforts and to define the services and responsibility of local administrations in order to acquire efficiency in public services, the financial structures and organisational systems of local administration units will be brought up to date. In this context, insted of a restrictive and preventive concent againts local enterprises, an indicative concept in harmony with national targets will be adopted by the administration.

The reorganisation of the State Economic Enterprise activities according to law 440 will be comleted by the committee charged with this duty. The reorganisation will be carried out by each enterprise, taking the reorganisational and operational measures necessary within their own structure.

SITUATION

To attain the economic and social targets set by the Plan, reorganisation of the principal administrative and economic public units is a factor of utmost importance.

Planning activities which ensure the channelling of resources into the most efficient fields and make the control of expenditures possible is also a procedure selected by the constitution and, therefore it is considered suitable that the reorganisation studies should be carried out together with the implementation of the Plan.

Two principal studies have been conducted on reorganisation. One of these studies is related to reorganisation of the central administration, provincial units of the central administration and local administrations The second is on the reorganisation of State Economic Enterprises.

The "Committee on the Reorganisation of Administration and Administrative Methods" working on reorganisation of the central government organisations and the local administrations had completed its studies which serve as the basis for measures to be taken and has submitted the basic principles to the Council of Ministers for approval.

Law 440 governing State Economic Enterprises, organisations and associations, put into effect following the activities in 1958 and 1960 in connection with the reorganisation of State Economic Enterprises, stipulated the establishment of the "Committee on the Reorganisation of State Economic Enterprises". The duties charged to this committee are as follows to conform the establishment law of the organisations to Law 440; to prepare proposals on the legal statute to be given to the existing economic establishments; to determine the fields of activity; to determine the financial measures to be taken in the structure of the establishments; to make proposals for the turn-over or liquidation of existing associations to improve and simplify accounting methods; to recommend the procedure for technical and administrative reorganisation of the enterprises; to define the criteria to be used for evaluation.

The law stipulates that these duties be performed within two years. The committee started its studies at the beginning of 1964, but could not complete them in two years. Therefore, the term was extended for another two years.

At present, the draft bill on the foundation of the principal enterprises has been completed and submitted to the relevant authorities Studies on the turn-over or liquidation of the associations, re-evaluation, accounting methods and technical and administrative reorganisation are advancing and the duty of the committee is expected to be terminated in March 1968.

As a result of the reorganisation activities which have been carried out for a long period of time, two important points have emerged in relation to the implementation of the Plan - control of implementation and co-ordination.

1. Although the importance and necessity of the reorganisation activities, in other words activites for the improvement of organisations, is clear, it is not sufficient to overcome fully the inadequate personnel in terms of both quantity and quality, at every level of administration and in all organisations.

2. The annual rate of increase in current expenditure of Turkish public administrations and enterprises has been very high and it has not been possible to avoid this during the planned development period also. This makes the securing of required funds for investment difficult and in addition, increases the cost of services.

On the other hand, current expenditures comprise a large proportion of investment expenditures. Furthermore, because investments handled by the public sector take longer to complete, the slowness increases the burden on current expenditures among such investments.

These are the main reasons for wasteful administration and public enterprise activities at high cost.

Another factor causing an increase in expenses is the continued operation of organisations established for a temporary period ,and the fact that they are allowed to do so.

The working capacity of investment organisations in different regions or over the country is changing yearly. It is not possible to adjust the administrative and technical staff according to the changes in working capacity. In addition, the pace of change is continuing and administrations are duplicated as regards regional organisations.

All of these conditions result in making one of the basic principles of the Development Plan, keeping expenditures within defined limits, only theory and ineffective.

This situation can be avoided only by creating a regional system and organisation units and considering how much the savings will mean as a burden on expenditures.

MEASURES

1. The necessary draft bills will be prepared by the responsible ministries and organisations according to basic principles affirmed by the Cabinet. These activities will be handled under the advisory assistance

of the "Board of Consultants" to be formed of representatives of universities and administrators who are authorities in public administration and organisation fields, and will be under the supervision and co-ordination of a member of the government.

2. Advantage will be taken of savings possibilities resulting from prevention of duplication of duty among regional units established by investment organisations.

The First Plan indicates the main aspects of the reorganisation measures to be taken. The criteria and basic principles of reorganisation measures in the various fields have thus been determined. The implementation measures and system studies according to these criteria and basic principles will be made in the Second Plan period. As the implementation of the Plan has not yet started and since the principles to which extensive considerations have to be given were already included in the First Plan, in order to make use of experience and to permit adjustments to be made according to new situations that have arisen, it will be more suitable to include the measures devised according to the criteria and basic principles in the annual programmes rather than those in the Development Plan.

—

STRATEGY AND OBJECTIVES

OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

(1968 - 1972)

Decree No. 6/7648

The Council of Ministers has approved, on January 17, 1967, in compliance with Article 12, Clause "b" of Law No : 91 dated September 30, 1960, the "Objectives and Strategy of the Second Five-Year Plan" reviewed and submitted herewith to the Council of Ministers by the High Planning Council in Report No. 24, dated September 26, 1966.

The President
C. SUNAY

THE REPORT OF THE HIGH PLANNING COUNCIL

Date : September 26, 1966

No : 24

Subject : Objectives and Strategy of the Second Five-Year Plan

The High Planning Council convened on June 29 - 30, 1966, August 4, 1966, under the chairmanship of Prime Minister Süleyman Demirel, reviewed the draft on the "Objectives and Strategy of the Second Five-Year Plan" submitted by the Central Planning Organization, and decided on the "basic principles of the economic and social objectives and the policies to be adopted" in accordance with Article 12, Clause (a) of Law No. 91, dated September 30, 1960. The Council decided to submit this document to the Council of Ministers to be discussed and decided upon in accordance with Article 12, Clause (b) of the aforementioned Law and to commit it thereafter to the State Planning Organisation as a directive, on which the Second Five Year Development Plan will be prepared in compliance with Article 13 of Law No. 91.

Objective and Strategy of the Second Five Year Development Plan

General Objectives of Development Planning :

1. The Turkish Nation, endeavouring to attain security, social welfare and prosperity in a free and highly civilized environment has chosen to live in a democratic system; to realise economic and social development through democratic ways within a mixed economy system; to secure a standard of living based on the principles of justice and full employment compatible with human dignity.

2. Development Planning is the most effective tool to achieve these objectives. The Development Plan will be prepared according to the choices and aspirations of the nation which constitute the essence of democratic planning.

3. In the Turkish economy, public and private enterprises function side by side. Therefore, the principles of a mixed economy will be taken into consideration in the preparation of the Second Five-Year Plan. This plan will be imperative for the public sector, but only indicative for the private sector, where it will support and develop individual initiative.

In the mixed economy system, the State activities and public sector will give assistance and support to the people in their efforts to attain prosperity and welfare through their own initiative. With this concept, public and private enterprise will not be rivals to hamper each other, but will be complementary forces. In the Second Five-Year Plan the rules of a mixed economy will be set out so as to provide decisive guidance to these two sectors.

4. The objectives of the Second Five-Year Plan will be, on the one hand, to achieve a rapid and sustained increase in per capita income, while on the other, to achieve a balanced development between various regions and income brackets, to secure possibilities of employment for a greater number of people, to share the benefits and burdens of the development with equity and within the principles of social justice and to attain en efficient and stable improvement in the social and economic structure.

5. The basic principle is to realise development without impairing the rights and freedoms provided by the Constitution of Turkey and without lowering the standard of living below the level already attained. Within this concept the principle of social justice is not to reach an equity in proverty, but rather to raise the standard of living by providing a just share for all from the rising income and increasing welfare, avoiding imbalances, and by obtaining the voluntary contribution of people to the development by encouraging them to undertake the necessary sacrifices to the best their abilities. The principal tools to be used in the realisation of social justice will be policies oriented to increasing employment possibilities and directed toward full employment, progressive taxes, extension and balanced distribution of public services for the benefit of the people, equality in education and training opportunities for individuals, and other policies to reduce income disparities. The social justice to be achieved through these means will be deemed fully realised when the lowest standard of living of the community is raised to a "minimum subsistence level" compatible with human dignity.

6. In order to realise a higher level of welfare for the community. a larger increment of future national income will be allocated to investments through increased national savings.

Objectives of the Second Five-Year Development Plan :

7. The main objective of the Second Five-Year Plan is to secure and maintain a high rate of growth of the Turkish economy. A 40 per cent increase in national income by the end of the implementation period (1968 - 1972) of the Second Five-Year Plan is taken as a target. This increase averages out at a rate of 7 per cent per annum. However, in view

of the rapid increase in population in Turkey, a 7 per cent growth rate corresponds to an increase of per capita income of slightly over 4 per cent.

An average rate of growth of 7 per cent per annum seems, from the point of view of the Turkish economy a necessary and attainable objective. Such a rate constitutes a minimum level if the Turkish nation is, albeit in the long-run, to bridge the gap in material welfare separating it from the Western Community of which it is a member. Moreover, the evolution of the Turkish economy during the planned period in particular, confirms that an average rate of growth of 7 per cent is an attainable level.

The efforts necessary to achieve and sustain an average of 7 per cent rate of growth in the Turkish economy should be more intensive during the Second Plan period in comparison to the First Five-Year period. To attain the rate of growth foreseen in this plan period, an average of approximately 22.5 per cent of GNP should be allocated to investments. This requires an average annual increase in investments of 14 per cent.

8. The second target of the Second Five-Year Plan is to reduce gradually the dependency of the Turkish economy on foreign resources. It is always possible to attain a balance in external payments if a lower rate of growth is deemed acceptable. However, the important point is to achieve a balance in external payments while also achieving and maintaining a higher rate of growth.

During the Second Five-Year Plan period while the rising level of investments and economic activities will increase imports, the repayment of the external debts incurred during previous years will constitute an additional burden on the balance of external payments. For this reason, the foreign exchange deficit to appear during the Second Five-Year Plan period will entail the continued incurring of new external debts

Another aspect of the balance of payments deficit is its being a source of savings to meet the investment requirements of the Development Plan. In view of Turkey's low per capita income an attempt to secure the total savings required for a high rate of growth from domestic resources alone would put excessive pressure on these resources. For this reason, in the Second Five-Year Plan period resources will have to be transferred from foreign countries to Turkey, as was the case during the First Five-Year Plan period.

In the Second Five-Year Plan period the total absolute value of the current account deficit will not change much in comparison with the First Five-Year Plan, but, the ratio of the deficit to GNP will decline. Therefore, the transfer of resources from foreign countries will be relatively reduced compared to the First Five-Year Plan and will be maintained around 2 per cent of GNP in the Second Five-Year Plan period. To attain the target rate of growth of the Second Five-Year Plan, 22.5 per cent of GNP should be allocated to investments of which 20.5 per cent will be obtained from internal savings and 2 per cent from external savings. Therefore, 91 per cent of the necessary total savings will be met through internal and 9 per cent from external resources. The required external savings must be secured through foreign loans. In order to avoid difficulties that may be encountered in the future by the Turkish economy and the development efforts, these credits should be development credits with long maturities, low interest rates and with grace periods.

The Turkish economy is expected to achieve a normal balance in its external payments during the Third Five-Year Plan period, and only after this period will it be possible to continue the efforts of development with recourse to credits on non-developmental terms.

Basic Principles to be Observed in Development Planning :

9. The magnitudes taken as targets for the Second Five-Year Plan and the preferences exercised by the Turkish Community in the course of development necessitate the orientation of all the resources of the country towards rapid development, with the best distribution of the factors of production among various alternatives so as to obtain the most efficient results.

The growth possibilities that will lead and accelerate economic development in Turkey are varied and extensive. Instead of concentrating the resources into certain specific fields, a balanced distribution among various fields should accelerate development, and the large growth potential of various sectors such as agriculture, mining, industry, tourism and energy should thus be enhanced. For this reason, the major aim for all sectors of the economy in the Second Five-Year Plan period will be an accelerated and balanced growth through the utilisation of the capacity of the sectors in the best possible way.

10. In the Second Five-Year Plan period the implementation of the selected balanced development strategy will accelerate total growth, however, production will not increase at the same rate in all sectors. The objective of leading the Turkish economy towards a stronger structure at the end of the Second Five-Year Plan period, the gradual change occuring in the pattern of demand and the difference in the growth capacity of the various sectors will entail radical changes in the composition of the national income in the coming years. Measures will be taken to make industry the leading sector of the economy in the Second Five-Year period. Industrialisation is imperative to realise and maintain an accelerated growth in this period. The natural resources of Turkey and other factors indicate that accelerated industrialisation is possible according to the principle of comparative advantage. The heavy industry units to be established in this period will help on the one hand to modernise the agricultural sector and to transfer resources from agriculture into industry, and on the other, will create conditons conducive to the development of small-scale industry. Accelerated industrial production will be achieved through the creation of new capacities rather than the technologic improvement of existing installations. Therefore, investments will be made at an increasing rate in this sector during the next few years, and modern technologies will be used in such industrial installations to secure a high rate of growth. Stress will be laid on increasing the share of industrial

products in exports and to manufacture locally the basic commodities that have import substitution possibilities. In the Second Five-Year Development Plan period, as a result of increases in industrial production and population working in industry, a structural change is expected in the whole economy which was originally based on traditional agricultural products. Industrialisation of the Turkish economy will be realised in such a way as to increase productivity in agriculture and to secure a greater value for agricultural products. In consequence the structure of the agricultural sector will also be strengthened.

11. The general objectives of development planning require that the creation of employment for the existent and ever growing manpower arising from the rapid increase in population should be evaluated as a consequence of the development and not as a selected target apart from the rapid development of the economy. Therefore, in the Second Five-Year Plan employment will not be considered as an independent objective and the employment possibilities will develop together with the growing economy. Employment will be raised to the highest possible level in proportion to the increasing oportunities to be created by the growing volume of economic and social activities dependent on the realisation of the selected 7 per cent rate of growth. Expansion of the economy in a direction to create employment will be supported by special measures, the regions where employment problems are substantial will be given particular attention.

12. To ensure an efficient use of qualified manpower which is a scarce resource in a developing economy, a labour policy based on efficiency at all levels will be followed and qualified personnel will be employed in their professional fields. Security of working conditions and a solid social mobility will be ensured to utilise the manpower in fields where it can be most efficient, and the quality of the personnel and their professional ability will be improved.

The imbalances observed in the breakdown of the present labour -force into various professions will be eliminated in proportion to the quality and quantity of the manpower required for economic growth. A balanced distribution of manpower among industrial sectors and working levels will be secured according to the new employment possibilities.

13. The basic principle of the Second Five-Year Plan concerning income distribution is to obtain, in conformity with the principles of justice and equity, the participation of the people in the efforts to achieve development by utilising all existing means and resources in the most effective manner, and to raise the living standards of the people by enabling them to receive an equitable share compatible with the social justice, from the increased income and welfare to accrue as a result of these efforts.

To secure the desired growth in the economy, a great part of the increase in the national income should be allocated to investments in the coming years. The increases to be obtained in savings will be oriented so as to ameliorate disparities in income distribution.

14. A balanced distribution of investments throughout the country and the elimination of regional disparities is prerequisite of a balanced interregional development within a system of social justice.

For this reason, to secure a balanced distribution of investments throughout the country, economic activities will be oriented toward under-developed regions and more than one location will be taken into consideration during the preparation of the projects. Projects utilising the natural resources and manpower potentials of these regions will be given priority, and in public services, infrastructure and social investments, these regions and the regions not developed owing to specific factors will also be given priority. Incentive measures will be taken to orient the investments of private enterprise towards these regions. Detailed and comprehensive studies will be conducted to point out the development potential of various regions and to find a solution to the problems encountered. Productive investments of the public sector will be oriented to these regions whenever this can be achieved without sacrificing the productivity of such investments.

15. In the development efforts, urbanisation is a phenomenon occuring as a consequence of economic and social development and of industrialisation in particular, and it should be supported. Advantage will be taken of this process as an impetus for the economy, and the resettlement problems will be resolved in such a manner as to realise a balanced urbanisation, by taking into account manpower productivity, and the requirements of the social and economic structure. The realisation of a balanced urban-rural settlement depends on the positive developments in production in both agriculture and industry. For this reason, due consideration will be given to population movements, to the prevention or disproportionate population groups and to resettlement problems in the course of such developments. The balanced development of big cities and the creation of new ones throughout the country will be encouraged taking into consideration the economic and social requirements of such urban developments.

To relieve the economic burden of urbanisation, to make full use of the resources and to achieve a systematic development, public control will be exercised on the development areas surrounding the cities. Land use , zoning and infrastructure will be improved through realistic and long-term plans.

Plans directing the development of cities will have to be suitable for a rapid implementation and solution of the housing problem, without restraining investments.

To secure the best utilisation of services and resources in scattered settlement points, the realisation of an adequate settlement pattern as a result of economic and social development will be supported.

The necessary infrastructure will be realised to attain a definite pattern in the cities and to provide development possibilities for the economic and social activities of the region, and public services will be improved with this concept. In this way, those benefiting from the lands whose values have risen, will be made to contribute to the infrastructure expenditures.

16. It cannot be expected that prices should remain on the same level every year in the growing economy of Turkey. However, a continous rise in the level of prices brings forth factors which hamper development and create social conditions hard to bear. On the other hand, immobility or regression of prices also have negative effects on the economy.

Bearing this in mind, price stability - one of the important tools for the protection of an economic and social system - will be maintained. Price movements will be followed closely, and should inflationary or deflationary tendencies appear careful mesaures consistent with modern economic practices will be introduced immediately to avoid price fluctuations which may disturb the balance.

Policies to be followed in the Second Five-Year Development Plan

Period :

17. The rate of population increase in Turkey renders its economic development efforts more difficult. As long as the increase in population approximates the increase in national income, the expected increase in per capita income - which is the measure of economic development - does not occur, but appears only as a result of the demographic investments. Since the rate of economic growth is one of the major objectives of development, a suitable population policy will be carried out.

To ameliorate the structure of population and to reduce the pressure of the rate of population increase, the scope and knowledge of family planning will be expanded thereby enabling families to plan the number of their children and the convenient time to have them. Food quality will be improved to raise the nutritional standards of the community.

18. To secure economic development and attain the desired rate of growth, resources and available means should be used in the most efficient way. The human element is the country's main resource and should be developed and equipped with knowledge and skills through education.

The aim of education is to provide a social service to individuals to enable them to discover their environment, to acquire an informed attitude, to adapt themselves to the changes in the community structure, giving them a chance to improve their welfare and happiness. Through education inviduals will be trained in the community and in their field of work to acquire the necessary knowledge, experience and skills. Considering the relation between education and economics, instruction will be harmonised with production and physical labour with intellectual labour, and thus the training of the individual for a constantly changing world will be realised. Various educational possibilities secured by the State for the benefit of the individual will be arranged according to the principles of equality of opportunity. However, selections will be made among the persons to be trained at various educational levels depending on the limitations of resources.

19. Elementary education will be extended to all the population of elemantary school age by the end of the Second Five-Year Plan period. its aim will be to render the individual more effective in his work in the community and to give him elementary knowledge, qualifications and skill.

The quality and quantity of the elementary education activities will be arranged in such a way as to reduce the differences between village and city schools from the point of wiev of continuing on to the higher levels of education, and to improve in the elementary schools the special talents and skills of those who do not continue with their education.

20. Education to be given above the elementary school level will be aimed at training the quantity and quality of manpower required by the development effort. Therefore, en equilibrium between general and technical education will be established so as to prevent bottlenecks when passing into higher levels of education and to train individuals to acquire specific skills in case of direct passage from education to various fields of work. The various levels of higher education will be geared to this purpose and the research capacity of the universities and research institutions will be extended to meet the requirements of the economic and social development.

21. In addition to formal education, stress will be laid on adult education to enable persons to make use of their rights and fulfil their duties as citizens. Priority will be given to all the extensive education and training programmes which will develop the community's level of education and improve the efficiency in various fields of study, and in industry in particular.

22. Cultural activities are of paramount importance in improving the standard of living of the community, and in developing its creative power. Cultural means will be developed and directed toward the people in such a manner as to provide its benefits for the community.

23. People whose incomes consist merely of their salaries and those who are self employed will be encouraged to secure the rights enjoyed by other groups in the community by organising within the system foreseen by the constitution and according to the principles of social justice. Such organisations will be encouraged in industry and to a certain extent in the services sector in rural areas.

Within this concept, those who are self-employed will also be able to obtain an equitable income distribution through wage policy in addition to the income earned by their efforts. To realise this, a minimum wage will be fixed and the implementation of the collective bargaining agreement will be continued. The wage policy will be determined taking into consideration the development of the economy and the increase in productivity.

Extentive education will be oriented toward the objectives of improving working conditions, increasing productivity, and by ensuring the adaptation of people coming from the rural areas into cities, into their new environment and field of work. The working conditions of professionals in the agricultural sector in particular will be organised by means of laws and the working conditions in the sectors of industry and services will be improved.

24. The Social Security System will be developed as a mojor tool in the redistribution of the national income within the principles of social justice, to provide a steady income to workers and their families in order to permit them to face the future with confidence from the economic and social point of view, and to obtain the participation of the individual in productive activities.

Social assistance services will be considered as complementary factors of the social security system to improve the condition of orphans, the disabled and old people within the limits of financial possibilities.

The entire working population in cities, professional workers in rural aeras and small farmers will be included within scope of sickness, old-age, disability and death insurance, and efforts will be made to add unemployment insurance to the existing social security branches.

25. The spiritual and physical well-being of the community will be secured in the development efforts, the main target of which is to raise the living standards of the community. Therefore, equitable medical care will be provided for the sick, and health services will be made available to everyone.

This objective will be realised by the State, through supplying the services of preventive medicine as well as therapeutic medicine to the people. In the Second Five-Year period the most effective tool in this connection will be the socialisation programmes, as was the case in the First Five-Year Plan Period.

26. The negative effects of the inadequate number of healh personnel and their imbalanced distribution among regions - the cause of the failure of the health services to fulfil their duty to the desired extent- will be obviated.

For the realisation of the above mentioned objectives, educational possibilities will be provided for the people to improve health conditions in their communities. To obtain a healthy population, special care and social service programmes will be established for children and old people, and for adjusting various social defects.

27. Priority will be given to economic and social measures to support and provide opportunities for the peasants who are the main source and target of our national welfare and power.

Water, electricity, roads, health and educational services and modern agricultural technical equipment for the villages will be provided rapidly to expand the development potential of the nation and to raise its productive capacity.

In the agricultural sector, the measures to be taken and the policies to be implemented in the Second Five-Year Plan period will be based upon such considerations as to diminish the dependency of agricultural production on weather conditions; to meet the food and other basic requirements of the Turkish people which will increase in future years; to increase efficiency by modernising agricultural production methods; to promote the exports of agricultural products; to become self-sufficient in all products that can be produced locally.

28. Establishment of co-operatives in the agricultural sector is of the utmost importance to enable the small and medium size farmers to use modern production methods. The utilisation of modern inpurts in agriculture and the marketing of poducts will be suported by means of co-operatives, and agricultural extension services will be used as an effective tool for this purpose.

The utilisation of synthetic fertilizers seems to be the most effective means to increase agricultural production on a vast scale in the Second Five-Year Plan period. The use of fertilizers will be concentrated in certain regions for certain products where production and development potentials are high. The role of the agricultural credit policy to be implemented will be of significant importance in reaching the selected objectives. The terms of the credits and their fields of utilisation are as important as the increase in the volume of the credits to be given to the farmers. The credits will be granted to farms below a certain size, and only through the intermediation of co-operatives.

The policy to be followed for irrigation will be based more in full utilisation of the existing or planned investments than on undertaking new investments. In the implementation of this policy, care will be taken not to over-look the relationship between the various installations and to secure optimum interrelation.

29. The price support policy will be revised and improved in the Second Five-Year Plan period in order to increase agricultural production, to reduce price fluctuations, and to enable the farmer to reach a higher level of income. Experiments both in Turkey and in foreign countries show that the high price support policies used for increasing production and income of the farmer have more darwbacks than advantages. Therefore, to modernise agricultural methods, efforts should be directed toward providing farmers with modern inputs at more reasonable prices. The most effective way to increase agricultural production and the income of the farmer is to abandon the traditional methods of farming used in agriculture. Technologic improvement and an increase in efficiency will be secured by using modern inputs. With this concept the price support policy will be used only to improve the quality of certain specific products and to avoid rice instability arising from supply fluctuations closely connected to natural conditions.

30. Developments observed in the field of live-stock breeding indicate that in Turkey the potentials of this field have not been fully realised. Better feeding of animals, disease control, cross-breading, promotion of marketing possibilities, reduction in the number of middle-men, and control of exports, will be the most important problems to be solved in this connection during the Second Five-Year Plan period.

31. The problem of below capacity utilisation is also valid for forestry and forest products. In addition to the present efforts oriented mainly toward the prezervation of forests, stress will be laid on reforestation both in and outside forests, and on operational and export orientation problems.

32. In the field of finishery, organisational problems, the establishment of a chain of cold-storage depots, the modernisation of fishing methods and financing facilities will be tackled in the Second Five-Year Plan period. Priority will be given to the exportation of processed and quick-frozen sea-food and efforts will be made to increase local consumption.

33. The leading role given to the industrial sector in the Second Five-Year Plan period necessitates the channelling of a great part of the investments to this sector through a consistent and coherent implementation of various measures and policies. In this period particular importance will be given to the establishment of basic and strategic industries producing capital and intermediate goods. Industries producing luxury consumption goods will not be encouraged. Importance will be given to import substitution in fields that can withstand international competition in the long-run, and to increasing exports in every possible industrial field or branch in order to relieve the pressure on the balance of payments. The exportation, in processed or semi-processed form, of agricultural products which are now exported as raw materials, will be developed. Necessary measures will be taken to bring, in the long run, the structure of the Turkish industry into a competitive position with the industries of the Common Market, and special support will be given to industrial branches with high labour intensity. Taking into consideration the necessity of producing investment and intermediate goods locally and in sufficient quantity to develop the agricultural sector and increase its efficiency priority will be given in the industrial sector to the fields which can produce these goods.

34. To increase the efficiency of industrial investments and to encourage investments in this sector, infrastructure investments required by industry should be made; inputs should secured at low prices; formalities in connection with the establishment of industrial installations should be simplified; information should be given to entrepreneurs on various subjects, and suitable lots should be provided for industrial installations at low prices. Moreover, the medium and long-term credit and interest problems, the shortage of which is strongly felt in industry, will be reconsidered with a view to solving these problems in a radical way.

Efforts will be made to secure a balanced distribution of industrial units among regions, avoiding the tendency of concentration in certain regions. New industrial centers will be established in regions where a high potential for economic development exists. The rapid establishment and operation of a capital market will be realised to channel small and scattered savings into productive industrial investment.

A selective tax policy will be used in addition to the policies mentioned above, to orient the industrial investments into fields in which priority has been given by the Development Plan, and which are directed toward exports.

External trade policy will be used as an effective tool for the protection of newly established and developing industries for a reasonable period. However, to prevent high monopoly profits and to insure, lower production costs, the implementation of these protective measures for periods longer than necessary will be avoided.

35 Strategic investments requiring large amounts of capital, wide organisation and superiod technologies will have to be carried out in the Second Five-Year Plan period. In this context, the public sector as direct investor is entrusted with important duties within the principles of the mixed economy system adopted by the Turkish Community. All necessary measures will be taken to avoid any possible delay of public sector investments in basic and strategic fields. Problems concerning project preparation, financing, and efficient operation will be solved rapidly.

36. The operation of small-scale industries in co-operation with big industry and in fields which will give support to big industry will be encouraged. In this connection, credit, location and similar difficulties of small-scale industries will be dealt with. The rapid organisation of enterpreneurs working in this field will be secured.

37. To benefit from foreign private capital in industrialisation, implementation will be carried out in conformity with the spirit of the legislation and these investments will be directed toward fields most useful to the Turkish economy. Special care will be taken to direct foreign private capital into branches of industry where Turkish entrepreneurs have not been active due to the lack of sufficient technical knowledge, experience or capital. In this way an additional savings and technologic resource will be derived from foreign private capital without impeding development of local industry.

38. In the mining sector, underground will be ascertained with dependable accuracy from the standpoint of quality and quantity. The exploration and extraction of underground resources will be accelerated.

The raw material and energy requirements of industry dependent on underground resources will be met in the first instance through local production.

The necessary policies will be carried out in these fields to shift from raw material exports to processed and semi processed exports.

The main objective will be to benefit from the scarce underground-resources in the most efficient way, keeping the long-term requirements in view, and to keep a great part of the value added of underground-resources within the country.

39. Energy, communication, and other infrastructure activities will be organised so as to support and induce economic development. The planned rate of growth for the industrial sector in the Second Five-Year Plan period can only be achieved through abundant and cheap energy. While measures will be taken to secure the utmost benefit from present energy resources, the possibilities of utilising energy resources of the future such as nuclear energy will be investigated.

40. Activities in the tourism sector will be taken into consideration from various aspects to organise a modern tourism industry. Priority will be given to the necessary investment and organisation studies, and the over-night accomodation capacity will be rapidly increased to attract the tourist flow from Western and Central Europe in the direction of the South and South-East. The private sector will be supported in this connection and the public sector will lead the way as the main investor if necessary.

41. In the housing sector dwellings of suitable quality and quantity will be constructed through long-term programmes, taking into account the level of the standard of living to be reached by the Turkish community in the future. The rapid increase of urban population necessitates that priority should be given to the cities in solving the housing problem.

In the Second Five-Year Plan period a large amount of housing construction will be achieved without raising the ratio of the housing sector in total investments. Therefore, investments will be oriented toward utility housing conforming to economic standards and the social conditions of the country. The problem of "shanty-towns" will be solved by the State by supporting the efforts of those who wish to build and improve their own houses, and though technical asistance and material aid.

42. Small savings which cannot be oriented towards productive investment and which go into consumption will be more effectively used in increasing the financial resources allocated for housing For this purpose, organisations will be established to make the best use of savings in the housing sector, and public and private sector relations will be organised accordingly. The State will take its place in the housing market as a regulator and supporter of those building their own house.

Housing construction will be organised through the introduction of encouraging and limiting measures conforming to the requirements and wishes of the different income brackets and according to the quality and supply specifications of the dwellings.

43. In order to reduce the cost increasing effect of lots on housing and to preclude speculation, the number of lots belonging to the public sector will be increased. These lots will be leased to the public through a central agency, and in such a way as to support the construction of utility housing.

44. The realisation of development depends largely on making the necessary investments. The channeling of savings from the increases in national income into investment is the main principle governing the savings policy to be followed during the Second Five-Year period. The essential is to maintain economic and social equilibrium in raising the total savings to the desired level according to the selected rate of growth. This principle imposes on the one hand the prevention of the use of inflation as a tool for savings and, on the other, necessitates the realisation of real savings in conformity with the principles of social justice.

45. To encourage the voluntary savings of the people, necessary measures will be taken and the structure of financial establishments will be improved. The useful activities of social security agencies to increase savings will be expanded.

46. The most important method to increase public saving is taxation. In taxation, besides new resources, stress will be laid on deriving the highest efficiency from the existing taxation system. Moreover, income distribution will be improved and persons and sectors with tax paying ability will not be permitted to avoid taxation.

Efforts will be made to avoid tax losses in accordance with the principles of the tax policy.

47. With the objective of attaining a higher rate of savings in public revenue, efforts will be made to limit the increase in public current expenditure.

By increasing the own resources of the State Economic Enterprises, the pressure of these establishments on other public savings, will be alleviated.

Efforts will be made to increase public savings, and the contribution of persons benefiting from certain public services to expenses, in proportion to their paying-power, will be secured.

48. The objective of the balance of payments policy is to forecast the bottlenecks likely to arise due to the scarcity of foreign exchange in Turkey' growing economy and thus reduce their effects, and to eliminate them within a certain time. Therefore, foreign exchange resources will be increased, and a national utilisation of these resources will be achieved.

49. In order to increase export revenue, efforts in connection with the standardisation, marketing, credits etc., will be continued. Moreover, in the Second Five-Year Plan period, stress will be laid on export projects coverning the production, organisation and marketing stages in fields where external demand is high and steady. These projects will be considered in general, from the point of view of their effects on exports, and to attain a higher level of exports the problems to be solved during the various stages will be taken into account together, in order to arive at a solution in a shorter period of time.

50. The policy to be implemented in the field of imports will be oriented toward the utilisation of exchange resources in a more efficient way.

Taking into account the problems likely to arise from relations with the Common Market during the Second Five-Year Plan period, a consistent policy will be followed in the implementation of a restrictive and protective import practice, in order to create conditions and rules conducive to the export of industrial products.

Import restrictions and the tariff regime will be kept within reasonable limits, competitive mechanisms will be used as a tool to secure the improvement of prices and quality.

In the import regime, import formalities will be accelerated, distribution methods will be improved and priorities will be determined.

51. The full participation of the community in the development efforts is imperative for the realisation of an over-all development. With this purpose, in mind, a desire to contribute to the development efforts will be encouraged in the small community units, and public support will be provided for local efforts. Work programmes will be arranged to encourage the voluntary contribution of small community units to the development efforts.

These programmes will arise from within the community units, will be of wide scope and will be carried out, under the leadership of governors and direct-governos, by organisations which presently carry out public services in the field of community development.

Education will be the basic tool to attain the above mentioned objectives. Changes conforming to community development methods will be escured in the public organisations which are in close with the small community units. The stimulation, education and organisation of the community under the leadership of these public services will be achieved through education.

Care will be taken to render the existing public sevices more efficient and priorities will be granted according to the investment requirements and the local efforts to be stimulated. In all these efforts the objective will be to carry out these services in close co-operation with the people. Opportunities will be provided to attract the interest of small community units; village unions and co-operatives will be supported.

Reorganisation studies will be reviewed in the Second Five-Year Plan period to reconsider the drawbacks of the past years.

52. The central administration of the ministries will aim at a functional reorganisation to avoid excessive growth of the administrative units. The necessary legislation will be enacted to secure the most suitable distribution of duties and authority among the administrative levels

Establishment of new regional authorities will be avoided unless actual requirements are determined on an objective and scientific basis.

Creation of public establishments with different legal status will be avoided in order to increase the efficiency of financial and administrative control, to prevent loss of resources, and to facilititate the implementation of a suitable employment policy.

53. Local administrative units will be provided with a financial structure and organisation system compatible with the present requirements, in order to facilitate the contribution of local administrations to the economic and social development efforts and to stimulate the interest and responsibilities of the local establishments in the performance of public services. Moreover, instead of an administrative supervision which restricts and impedes local enterprises, an orienting supervision conforming to national objectives will be adopted as a principle by the central administration.

54. The studies in connection with the reorganisation of the State Economic Enterprises will be concluded in time, in accordance with Law 440, by the committee charged with this duty. Each establishment will take the necessary reorganisation measures in connection with organisational and operational matters within their internal structure.

55. Agricultural reform will be regarded as a chain of measures aimed at eliminating the handicaps inherent in the agricultural structure.

The attainment of the desired result through measures taken in connection with agricultural reform and the adoption and support of these efforts by the farmers, depend above all on the accurate and definite legal solution of land ownership, In order to secure this, care will be taken to carry out the cadastre and register work more quickly during the Second Five-Year Plan period.

Legislation will be put into effect permitting the transfer, at suitable prices to farmers owning no or very little land, of the land under the control, possession or ownership of the State; the land obtained from the improvement of poor quality cultivation land within the limits of forests or pastures, or from the drying up of swamps; and the land over a certain acreage, not regularly cultivated by their owners to be bought or expropriated by the State.

Taking into consideration the financial inability of the small family operations to procure machinery, equipment and credits, co-operatives will be used as an effective tool to meet these requirements and to secure the marketing of the products. The production increase in agriculture will necessitate the application of new advanced techniques, therefore, farners will be provided with credits on suitable terms with regard to maturity and interest rates.

Establishment of a leasing system to secure the rental of land with long term leases, to regulate the rent to enable the tenant to acquire ownership of cultivated land in the course of time, will be taken into consideration.

LAW NO : 933 CONCERNING THE IMPLEMENTATION FUNDAMENTALS OF THE SECOND FIVE-YEAR DEVELOPMENT PLAN

Date of enactment : 28th July 1967
Date of promulgation : 11th August 1967
Official Gazette No : 12671

FINANCING

Article 1 :

A) Funds may be established the purpose of making transfers, in the form of loans, from the general and annexed budgets to sectors of economic activity the development of which is envisaged in conformity with the targets and the principle of balanced developmet between regions of the Development Plan.

The basic principles and conditions to be followed in the use of such funds and allocations to be made from foreign sources for the same purpose shall be shown in the yearly programmes.

A section entitled "Promotion and Encouragement Funds" shall be opened each year in the budget of the Ministry of Finance. The funds shall be shown in the sub-sections of this section.

The transfers (referred to in paragraph 1 above) shall be made through the intermediacy of national banks, professional associations and their unions enjoying the statute of public institutions and production and sales (including export) cooperatives and their union.

B) The appropriations required to meet the share of the State in the Capital of joint ventures with the participation of State Economic Enterprises, the establishment of which is envisaged in the yearly programmes concerning the implementation of the Development Plan provided that the dominance in the capital and management of such joint ventures does not belong to a limited number of private persons, shall be shown in the sub-sections of a section to be opened in the part of the General Budget Law concerning the Ministry of Finance.

The characteristics of such joint ventures, the conditions under which they may benefit from the provisions of the previous paragraph and the implementation method of the State control over them shall be shown in the yearly programmes.

Article 2 :

With the purpose of promoting and regulating investments in conformity with the Development Plan and the yearly programmes.

A) Paragraph 3 of Article 3 added by Law No. 202 dated February 28th 1963 to Law No. 193 dated January 6th 1961 concerning Income Tax is amended as follows :

"The percentage of investment allowance shall be maximum 80 percent of the amout investment which may benefit of the allowance according to paragraph above. The percentages which are to be applied according to regions and to sectors of economic activity and which are not to exceed this rate, shall be shown in the yearly programmes.

B) The subjects of creation of partial or total exemptions, according to sectors of economic activity, from import taxes and duties levied on investments goods as well as from the aggregate amount of other taxes and duties collected at the customs or the partial or total refund of the aggregate amount of such taxes and duties shall be regulated by decrees of the Council of Ministers.

C) The establishment and regulating of industrial and touristic districts and, when necessary, expropriation of land for such purpose shall be effected by decrees of the Council of Ministers.

After having equipped these districts, when necessary, with infrastructure such as sewage, electricity, water and roads, immovable properties in such districts shall be turned over by the relevant Ministries, at terms and interest rates to be determined, to investors who will erect installations thereon in conformity with the targets of the Development Plan and yearly programmes. The implementation fundamentals of the provisions of this paragraph shall be regulated by decree of the Council of Ministers.

D) The Council of Ministers, when necessary, by promulgating decrees, shall take all measures required in order to ensure cooperation of all authorities concerned and to harmonize and speed formalities pertaining to licences and permits for all kinds of investments (including establishment and operation of industrial enterprises) imposed by the General Health Protection Law, the Labour Laws, Local Government Laws and other legislation.

E) The Council of Ministers is authorised to take measures to improve implementation in the fields of standards and quality control With the purpose of ensuring the exercise of such controls in a healthy manner and according to the requirements of the service to be performed, the Council of Ministers in authorised to promulgate decrees enabling the employment of personnel outside the normal working hours against payment of additional fees or auxiliary staff under contract.

Article 3 :

With the purpose of promoting, exports and increasing foreign exchange incomes in conformity with the Development Plan and the yearly programmes.

A) In order to help exporters of goods the export of which is to be encouraged in their activities in fields of advertising, market research and preliminary establishment loans may be extended to them from a fund to be established according to sub-paragraphs 1 and 2 of paragraph (A) of article 1 through the intermediacy of public institutions such as professional associations and their unions or exporters unions or production and sales (including export) cooperatives and their unions. The terms conditions and methods to be applied in the use of this fund, the measures to ensure the compliance of the borrower to the provisions of the loan contract and the channels of control of such loans as well as the export goods which are to benefit from the fund shall be determined by decree of the Council of Ministers.

The provisions of the paragraph above may also be applied in the case of Turkish entrepreneurs assuming contracts abroad in order to help them in their activities in the fields of advertising and preliminary establishment. However, while regulating such application by decree of the Council of Ministers, the volume of foreign business secured and the amount of foreign exchange to be imported into the country by the said entrepreneurs shall be taken into consideration.

B) The powers given to the Council of Ministers concerning export goods by Article 1 of Law No. 261, dated June 27, 1963, may be used in the following cases also :

1. In case of domestic goods which are to be substituted for foreign goods to meet the need for import. Such goods shall be determined by decree of the Council of Ministers.
2. In case of services earning foreign exchange. Such services shall be determined by decree of the Council of Ministers.
3. In case of expenditures made by foreigners in the country.

C) The measures necessary for the promotion and regulation of exports in compliance with the Development Plan and the yearly programmes shall be taken by decrees of the Council of Ministers.

Article 4 :

There shall be established an "Investment and Export Promotion and Encouragement Bureau" charged with the implementation of the measures provided in :

— Articles 2 and 3 added by Law No. 202, dated February 28, 1963 to Income Tax Law No. 193, dated Junary 6, 1961;

- Articles 2, 3 and 5 of Law No. 474, dated May 25, 1964 amending the Import Customs Tariff Schedule annexed to the Customs Law No. 5383, dated May 2, 1949;
- Article 1 of Law No. 261, dated July 5, 1963;
- Paragraphs (A) and (B) of Article 2 and subparagraph (1) of paragraph (B) of Article 3 of the present Law;

and the encouragement measures provided in other laws as well as the issuance, with the same purpose, of the necessary documents to entrepreneurs.

Personnel on loan in sufficient numbers from the relevant Ministries and, for temporary missions, experts under contract may be employed in this Bureau.

Article 5 :

In order to assist Local Administration in regulating the development of urbanisation according to the Development Plan and yearly programmes, funds shall be made available through appropriations in a section to be opened in the General Budget Law and allocations effected from foreign sources. The use of such appropriations and allocations shall be made by decree of the Council of Ministers.

In the implementation of the provisions of the above paragraph the Council of Ministers is authorised to promulgate decrees in order to ensure the planning and realisation of infrastructure such as electricity, water, roads and sewage in the Local Administrations which constitute the milieu and bear the burden of rapid industrialisation, as well as to expropriate land, when necessary, for future development areas. The fundamentals and methods to be followed in the transfer of such land to the Local Administrations shall be determined by decree of the Council of Ministers.

MISCELLANEOUS PROVISIONS

Article : 6

The Committee established by paragraph (a) of Article 8 of Law No. 6224 on the Encouragement of Foreign Capital is hereby abolished. The functions given by law to the said Committee shall be carried out by the Central Office of the State Planning Organisation.

The authority for appeal mentioned in paragraph (b) of Article 8 of the same shall be the Supreme Planning Board.

Article 7 :

Appointments may be made to positions of under-secretary, asistant under-secretary, president of department, assistant president of department, director general and assistant director general of the Ministries of Finance, Commerce, Industry, Communications, Public Works and Agriculture which require special talent and specialisation for the implementation of the Development Plan.

Such appointments shall not be subject to limitations imposed by vested rights on salaries and the length of service rendered in Government employment. The salary of the position held shall be paid to the appointee but such salary shall not constitute a vested right. The fundamentals to be observed in such appointments shall be determined by decree of the Council of Ministers in consulation with the State Personnel Department.

Article 8 :

The Council of Ministers shall determine by decree the bases of employment of personnel under contract for the carrying out of important temporary business and projects related to the implementation of the Development Plan.

For the performance of temporary functions related to the implementation of paragraph (e) of Article 2 and of Article 4 of the present Law, staff may be employed under contract. The provisions of Article 19 of Law No: 91, dated September 30, 1960, shall also be effective for such staff.

Article 9 :

Article 23 of Law No. 6830 on Expropriation shall not be applicable in the case of expropriations made under paragraph (c) of Article 2 and Article 5 of the present Law.

Article 10 :

The use of consulting, engineering, architecture and similar project and control services related to investments to be undertaken according to the Development Plan and the yearly programmes, shall not be subject to provisions of Law No: 2490 dated June 10, 1934.

The bases for the use of such services shall be determined by decree of the Council of Ministers.

Article 11 :

Article 2 of Law No: 261, dated July 5, 1963 is hereby abolished.

Article 12 :

The following supplementary article is added to Law No: 1705, dated June 10, 1930:

> "**Supplementary Article :** No export licence shall be required from the General Directorate of Forests for the export of goods and products produced by itself."

Article 13 :

The Supreme Planning Board shall be consulted before the decrees referred to in the present Law and in Article 1 of Law No: 261 dated July 5, 1963 are enacted.

Article 14 :

The present Law shall become effective at its date of publication.

Article 15 :

The present Law shall be enforced by the Council of Ministers.